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A portrait of the chief

JOHN ALEX McCONE, appointed CIA director by President Kennedy after the Bay of Pigs fiasco, hastened the retirement of Allen Dulles, is a multi-millionaire California businessman with extremely conservative sympathies. Drew Pearson has described him as having "made more money out of Uncle Sam during World War II" than anyone else. He headed a syndicate that parlayed an initial \$100,000 investment into \$44 million by the end of the war, building Liberty and Victory ships.

McCone's first major government position was as President Truman's Under Secretary of the Air Force during the Korean war. He was then the leading western Republican "fat cat," serving as former Sen. William Knowland's finance chairman. He resigned as fund raiser for the California Institute of Technology in 1956 because 10 of its scientists had backed Adlai Stevenson's proposal for a nuclear test ban—an act that McCone described as "designed to create fear in the minds of the uninformed that radioactive fallout from H-bomb tests endangers life."

Two years later, he was appointed AEC chairman by President Eisenhower, and championed continued nuclear tests. He was also instrumental in awarding operation of the first nuclear-powered merchant ship, the Savannah, to States Marine Co., which had a working partnership with McCone's wholly owned Joshua Hendy line (he also owned Panama Pacific Tankers).

During the controversy over his Senate confirmation, several senators became disturbed over his ownership of more than \$1 million of Standard Oil Co. stock (Standard has wide interests in the Middle East through Arabian-American Oil Co.), and the fact that Standard Oil regularly charts tankers from McCone's Hendy line.

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UPI-141

(MCCONE)

WASHINGTON--THE SENATE TODAY REFUSED TO DELAY ITS SCHEDULED VOTE TOMORROW ON CONFIRMATION OF JOHN A. MCCONE AS CENTRAL INTELLIGENCE DIRECTOR.

SENATE DEMOCRATIC LEADER MIKE MANSFIELD, MONTANA, ASKED THAT THE VOTE BE POSTPONED A COUPLE OF DAYS TO ENABLE ONE SENATOR--SEN. WAYNE E.

~~943, D-ORE.--TO R~~
 MORSE, D-ORE.--TO RETURN FROM THE ORGANIZATION OF AMERICAN STATES CONFERENCE AT PUNTA DEL ESTE. BUT SEN. EVERETT SALTONSTALL, R-MASS., OBJECTED TO A FRIDAY VOTE AND SENATE GOP LEADER EVERETT M. DIRKSEN, ILL., OBJECTED TO A DELAY UNTIL THURSDAY.

BOTH REPUBLICANS OFFERED TO CANCEL OUT THEIR OWN AFFIRMATIVE VOTES FOR MCCONE BY GIVING MORSE A "LIVE PAIR" ON THE ROLL CALL, SET FOR 2 P.M. WEDNESDAY. WITHOUT NAMING MORSE, MANSFIELD EXPLAINED THAT THE ABSENT SENATOR WAS DELAYED BECAUSE THE LATIN-AMERICAN CONFERENCE HAD NOT ENDED AS EXPECTED.

SALTONSTALL SAID THE CONFIRMATION VOTE WAS "IMPORTANT TO NATIONAL SECURITY" AND SHOULD NOT BE DELAYED ANY LONGER. DIRKSEN SAID MANY SENATORS HAD ARRANGED THEIR SCHEDULES TO BE PRESENT AS PLANNED TOMORROW. THEIR OBJECTION BLOCKED MANSFIELD'S TWO EFFORTS TO POSTPONE THE VOTE BY UNANIMOUS CONSENT.

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WASHINGTON CAPITAL NEWS SERVICE

McCone Vote Slated Today

By the Associated Press

The Senate is scheduled to vote today on John A. McCone's nomination as director of the Central Intelligence Agency. Even his opponents conceded overwhelming confirmation.

Senator Mansfield of Montana, the Senate Democratic leader, predicted a big "vote of confidence" in the wealthy California industrialist.

Senator Clark, Democrat of Pennsylvania, who opposed the appointment in a speech yesterday, said he had no doubt of Mr. McCone's confirmation.

Mr. McCone, former chairman of the Atomic Energy Commission, was picked by President Kennedy to lead the CIA when Allen W. Dulles retired last November.

Senator Clark said he believed Mr. McCone lacked the judgment and temperament for the job and that Mr. McCone's holding of \$1 million worth of Standard Oil of California stock raised a serious conflict-of-interest question.

Senator Clark said Standard is one of four American companies which owns the Arabian American Oil Co., which he said has a huge stake in the Middle East.

He added that the only way the nominee could remove the conflict was to sell the stock.

Senator Mansfield declared Mr. McCone, in previous Government posts, has proved "most efficient, most effective and most patriotic."

He said the question of what constitutes a conflict of interest is difficult and that Congress should speedily revise laws to more clearly define it.

Senator Mansfield said that Mr. McCone had "brought order out of a difficult situation" at the AEC and won the confidence of all members of the Senate House Committee on Atomic Energy.

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REC'D DIRECTOR

Senate Votes For McCone As CIA Head

By James D. Cary
Associated Press

The Senate brushed aside the conflict of interest and other charges yesterday and overwhelmingly confirmed millionaire industrialist John A. McCone to be director of the Central Intelligence Agency.

The 71 to 12 vote came after three days of speechmaking which questioned mainly whether McCone's holdings in shipbuilding and oil companies might interfere with his duties as chief of America's most sensitive information gathering agency.

Other Senators praised McCone as an able, hard-driving administrator.

A total of 43 Democrats and 28 Republicans joined in the approval of President Kennedy's choice to succeed veteran CIA chief Allen Dulles who stepped down last Nov. 29. Opposed were 10 Democrats and 2 Republicans. Francis Case of South Dakota and Margaret Chase Smith of Maine.

The Democrats were Quentin N. Burdick of North Dakota, Robert Byrd of West Virginia, J. William Fulbright of Arkansas, Ernest Gruening of Alaska, Frank Lausche of Ohio, Eugene J. McCarthy of Minnesota, Lee Metcalf of Montana, Maurine Neuberger of Oregon, William Proxmire of Wisconsin, and Stephen Young of Ohio. Joseph Clark of Pennsylvania, Paul H. Douglas of Illinois and Wayne Morse of Oregon, all Democrats, were paired against McCone.

and former chairman of the Atomic Energy Commission has been serving since November under a recess appointment. He has held posts in two previous Administrations.

Mrs. Smith, in the final debate, said she did not consider McCone qualified. She spoke of a lack of experience in the intelligence field.

Case took up questions raised Tuesday by Clark, who said McCone had \$1 million worth of stock in Standard Oil of California, one of four American companies which owns the Arabian American Oil Co., which Clark said has a big stake in the Middle East.

Case said he wondered whether McCone could "divest himself of the interest he has in a disturbed world." As CIA director, he said McCone would have to evaluate world developments and recommend United States action.

Byrd said McCone should sell both his shipping and oil stocks.

The conflict may not be real, he said, but it is nonetheless a possibility.

Sens. Albert Gore (D-Tenn.) and John O. Pastore (D-R.I.) both members of the Joint Committee on Atomic Energy, praised McCone and his service while AEC chairman.

Pastore said that with McCone as CIA director, "Men and women of the free world can sleep a little easier at night." Gore called McCone "capable, courageous and patriotic."

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UPI-127

ADD 1 MCCONE, WASHINGTON (UPI-95)

IN OTHER DEBATE PRECEDINGS THE CONFIRMATION VOTE, SEN. FRANCIS S. CASE, R-S.D., QUESTIONED THE EFFECT OF MCCONE'S EXTENSIVE BUSINESS HOLDINGS.

NOTING THAT MCCONE WILL BE MAKING VITAL DECISIONS AFFECTING NATIONAL POLICY, CASE ASKED: "WILL HIS INSTINCTS BE FREE FROM HIS BACKGROUND?" SEN. ERNEST GRUENING, D-ALASKA, SAID THE CIA IS THE ONLY AGENCY IN GOVERNMENT COMPLETELY IMMUNE FROM CONGRESSIONAL CONTROLS OR SUPERVISION. HE ALSO QUESTIONED MCCONE'S QUALIFICATIONS AND WHETHER HE MIGHT BE INFLUENCED BY HIS BUSINESS INTERESTS.

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WASHINGTON CAPITAL NEWS SERVICE

Confidence Vote Asked On McCone

By Ernest B. Vaccaro
Associated Press

Sen. Mike Mansfield (D-Mont.), yesterday asked for a vote of confidence in John A. McCone as Director of the Central Intelligence Agency after Republicans blocked a move to delay today's show-down vote on the nomination.

Mansfield, the Senate Democratic Leader, told the Senate that McCone has been "most efficient, most effective and most patriotic" in other Federal posts and has "exercised his duties faithfully and well."

Mansfield had sought a unanimous agreement to set aside a previous decision to vote at 2 p. m. today. He said one Senator, apparently Sen. Wayne Morse (D-Ore.), had asked a delay until his return from the Western Hemisphere Foreign Ministers' meeting in Uruguay.

But Sen. Leverett Saltonstall (R-Mass.), objected to a delay until Friday, and Sen. Everett M. Dirksen (R-Ill.), the minority leader, blocked a postponement until Thursday.

Clark Opposes Him

Meanwhile, Sen. Joseph S. Clark (D-Pa.), announced that he would regretfully vote against McCone, a wealthy California industrialist and former Chairman of the Atomic Energy Commission, because:

• He felt the nominee lacked the sort of cool, dispassionate judgment and judicious temperament needed for the job.

• He believed McCone's holding of \$1 million worth of Standard Oil of California stock raised a serious question of "conflict of interest" because the CIA is certain to become involved in "the tortuous politics" of the Middle East during the next Director's tenure.

Subsequently, Sen. Francis Case (R-S. D.) voiced concern over some of McCone's shipping holdings and said he has "not reached a final decision of how I am going to vote."

Case said he was still looking into the question whether the nominee enjoyed tax-free income from the operation of ships under Panamanian and Norwegian flags.

Bartlett Undecided

Sen. E. L. Bartlett (D-Alaska), who listened to Case in the nearly empty chamber, said he too had not made up his mind how he would vote.

Bartlett said the Arabian-American Oil Company, in which McCone has indirect holdings through Standard Oil of California, had intervened in the internal affairs of Middle East nations.

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UPI-207

ADD 1 MCCONE WASHINGTON (UPI-141)

SEN. STUART SYMINGTON, D-MO., SAID MCCONE HAD BEEN CLEARED OF ANY CONFLICT OF INTEREST BY THE CENTRAL INTELLIGENCE AGENCY'S GENERAL COUNSEL BEFORE THE WEALTHY CALIFORNIA REPUBLICAN TOOK OVER AS CIA DIRECTOR.

SYMINGTON TOOK THE FLOOR TO DEFEND MCCONE AFTER SEN. JOSEPH S. CLARK, D-PA., CHARGED THAT MCCONE'S BIG HOLDINGS IN A CALIFORNIA OIL COMPANY "VIOLATE THE CONFLICT OF INTEREST STATUTES." CLARK SAID HE ALSO WOULD VOTE AGAINST MCCONE'S NOMINATION TOMORROW BECAUSE HE DID NOT THINK THE NOMINEE HAD THE "JUDICIAL TEMPERAMENT" TO HEAD THE HUSH-HUSH INTELLIGENCE AGENCY.

MANSFIELD TOLD THE SENATE THAT MCCONE SHOULD BE CONFIRMED BECAUSE HE HAS "PROVED TO BE A MOST EFFICIENT, MOST EFFECTIVE AND PATRIOTIC SERVANT OF HIS GOVERNMENT" AS CHAIRMAN OF THE ATOMIC ENERGY COMMISSION UNDER PRESIDENT EISENHOWER AND UNDERSECRETARY OF AIR UNDER PRESIDENT TRUMAN.

THE DEMOCRATIC LEADER SAID HE HOPED CONGRESS ALSO WOULD FIND SOME WAY TO MORE FAIRLY DEAL WITH THE "DIFFICULT AND VEXATIOUS QUESTION" OF CONFLICT OF INTEREST SO THAT WEALTHY MEN WOULD "NOT BE REGARDED AS LACKING IN INTEGRITY" WHEN THEY TOOK GOVERNMENT POSTS.

CLARK SAID THAT THE INTERESTS OF MAJOR OIL COMPANIES TOO OFTEN COINCIDE WITH THOSE OF CIA, ESPECIALLY IN THE MIDDLE EAST. HE ALSO SAID MCCONE'S "POLICY OF BELLIGERENCE" TOWARD SOVIET RUSSIA WAS NOT IN THE BEST INTERESTS OF PEACE.

SYMINGTON SAID HE AGREED WITH MCCONE'S FIRM STAND AGAINST THE SOVIET UNION. HE ALSO SAID HE CONSIDERED MCCONE TO BE OF "A MORE JUDICIOUS TEMPERAMENT" THAN HIS CIA PREDECESSOR, ALLEN W. DULLES.

THE MISSOURI DEMOCRAT, A MEMBER OF THE ARMED SERVICES COMMITTEE WHICH UNANIMOUSLY APPROVED MCCONE, SAID IT WAS "MOST UNFAIR" TO IMPLY THAT THE NOMINEE "LACKS THE INTEGRITY TO PUT HIS STOCK IN TRUST" AND THAT HE "WOULD NOT BE WORKING IN THE INTERESTS OF THE COUNTRY."

SYMINGTON SAID MCCONE GAVE THE CIA GENERAL COUNSEL A LIST OF ALL HIS HOLDINGS AND ASKED FOR A WRITTEN OPINION AS TO WHETHER THEY WOULD CONSTITUTE ANY CONFLICT OF INTEREST. THE COUNSEL SAID THEY DID NOT, SYMINGTON TOLD THE SENATE.

THE MISSOURI SENATOR SAID HE HAD CONFIRMED THAT POINT WITH THE CIA LEGAL CHIEF EARLIER TODAY.

SEN. FRANCIS CASE, R-S.D., AN ARMED SERVICES MEMBER, QUESTIONED WHETHER MCCONE HAD PILED UP BIG PROFITS THROUGH SHIPPING INTERESTS OPERATING UNDER THE PANAMA AND NORWEGIAN FLAGS, THEREBY AVOIDING "LIABILITY OF TAXES IN THE UNITED STATES."

CASE SAID HE WAS NOT SAYING THIS WAS SO BUT WOULD "NOT RECORD WHETHER THAT IS THE CASE." HE SAID HE HOPED MCCONE WOULD READ HIS REMARKS BEFORE TOMORROW'S VOTE.

CASE SAID HE FELT THIS HAS A BEARING ON THE CONFLICT OF INTEREST ISSUE QUITE APART FROM THE NORMAL ASPECT WHICH RELATES TO CONFLICT THROUGH AUTHORITY TO AFFECT PROCUREMENT OF GOVERNMENT PROPERTY.

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The Washington Merry-Go-Round

CIA Chief Next to Kennedy in Power

By Drew Pearson

Some people may wonder why I have been writing so much about John McCone, now up for Senate confirmation as head of Central Intelligence. They may wonder whether I have a personal grudge against McCone. The fact is I have nothing against McCone personally, don't believe I've even met him.



Pearson

But the most important person molding U. S. foreign policy, next to the President, is probably the head of Central Intelligence. The public doesn't realize this, but it's true. More than even the Secretary of State, the head of CIA can depose kings or presidents, foment revolution, take us close to war. Furthermore, he doesn't have to report to Congress, or even to the General Accounting Office for the money he spends. He is the only Government official with this exemption.

His power results from two facts:

1. He can use money and agents to subvert and undermine a foreign government and nobody in Congress knows about it.

2. He reports to the President. And the man who reports the facts on a foreign situation to be a certain way has the power to make decisions.

Let's take some examples. These are not mythical examples but facts which can be proved.

The Cuban fiasco—In April 1961, following the tragic

failure at the Bay of Pigs, Secretary of State Rusk informed a seminar of editors in Washington that "the intelligence from Cuba was inaccurate and very poor." Roger Hillsman Jr., Chief of State Department Intelligence, informed a newsman, "our information on Cuba was quite different from CIA's but we were not consulted."

Business Finances CIA
 In brief, CIA had informed President Kennedy that conditions inside Cuba were ripe for revolution, that the Cuban people would rise up to join the freedom fighters. Mr. Kennedy believed these facts to be accurate and made the wrong decision. Thus the power to report actually gave the CIA the virtual power to make the decision.

Business Money Behind CIA
 After the Bay of Pigs fiasco, I reported that certain U. S. business firms, one of them a big oil company, had put up several hundred thousand dollars to finance the Cuban freedom fighters.

This meant that foreign policy was further divorced from the constitutional channels of government and financed by private corporations with a property stake in Cuba. This can be one of the best ways to drag 180 million people into war for the benefit of a handful.

However, this is the way CIA operates. Corporation heads are given the privilege of looking through CIA files. Corporation officials abroad influence and cooperate with CIA agents.

CIA Chief McCone admits he owns \$1 million of Standard Oil of California stock and is not going to sell that stock. His shipping companies make several millions dollars annually shipping ore and oil

for various corporations. How can he possibly divorce his judgment from decisions that affect his companies is a question some Senators are asking.

OPERATIONS IN SPAIN
 After Prof. Jesus de Galindez was kidnaped from New York in 1956, Allen Dulles phoned District Attorney Frank Hogan in New York asking that a CIA agent be permitted to look over the Galindez papers. It then became known that CIA had put up \$1,016,000 for Galindez to operate a Basque network in Spain. The Basques hate Franco, so this network could only have worked against Franco, who has given the United States military bases.

The State Department knew nothing about this.

OPERATIONS IN COSTA RICA
 In 1953-54, President Figueres of Costa Rica discovered that a CIA agent was tapping his telephone. The agent was caught. Figueres was probably the most pro-American of the duly elected Central American presidents, and the discovery of a phone tap didn't help our relations.

The State Department knew nothing about this CIA job. It was suspected that either Gen. Somoza in Nicaragua, who hated Figueres, or U. S. business interests inspired CIA to tap the Figueres phone.

OPERATIONS IN IRAN
 When Mossadegh was in power in Iran, the CIA offered Mohamed Oseini Ghasghah, a prominent Iranian leader, \$4 million in cash if he would lead a revolt. The money was to be deposited in a Swiss bank.

The offer was turned down, but later, Allen Dulles flew to Rome and worked with the Shah's sister, Princess Ashraf, in starting a revolution which succeeded.

This is a cross-section of

the amazing network of intelligence and espionage operations which will come under the man who heads CIA and who, because of his power, must be examined for conflicts of interest and other qualifications.

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Senators Query McCone On Nomination to CIA

By Associated Press
 John A. McCone appears today before a Senate committee considering his nomination as director of the super-secret Central Intelligence Agency.

Mr. McCone was named last September by President Kennedy to succeed Allen W. Dulles.

In advance of the public hearing by the Armed Services Committee, Senator McCarthy, Democrat of Minnesota, said he would urge the committee to ask a series of questions about the "fitness and the qualifications" of the millionaire engineer and industrialist.

In a lengthy statement prepared for the hearing, Senator McCarthy said the committee should learn if Mr. McCone, as former chairman of the Atomic

Energy Committee, had "leaked" reports in favor of building "big bombs" or resuming all-out nuclear testing.

He also asked if Mr. McCone, a trustee of the California Institute of Technology, had sought to have 10 professors there fired because they opposed his confirmation to the AEC chairmanship.

Senator Jackson, Democrat of Washington, a member of the Armed Services Committee, said he looked for a speedy confirmation.

Also listed for committee consideration today were:

Fred Korth, 52, appointed Secretary of the Navy when John B. Connally, Jr., resigned to campaign for Governor of Texas.

Neil E. Harlan, 40, Harvard business professor, appointed as Assistant Secretary of the Air Force for financial management, to succeed Lyle S. Garlock.

Mr. McCone, Mr. Korth and Mr. Harlan received interim appointments when Congress was in recess. After committee action, the full Senate votes on confirmation.

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McCone Confirmed; What Next?

IT is not often that the Senate indulges in such healthy debate over a presidential appointment as it did in the case of John A. McCone, director of the Central Intelligence Agency.

When there is controversy over a President's choice for high Government post, it usually is political. Not in this case. All 12 of the votes against confirming the McCone appointment were cast by Democrats, and some of these were based on extraneous reasons.

Our impression of Mr. McCone's abilities are decidedly favorable. So the Senate's decision to approve him seems to us correct.

But we were even more impressed by the arguments made by the chief dissenter, Sen. Eugene McCarthy of Minnesota. He made an outstanding case for his principal point: That the CIA, under the present system, is under practically no surveillance at all by Congress.

As we understood him, the Senator was not necessarily opposed to the McCone appointment. He was opposed to any man holding this job without the Senate having a more complete knowledge of his detailed views on national policy—so long as Congress, or at least a responsible committee of Congress, does not have a constant review of the manner in which the CIA is operating,

and how well it is carrying out its purpose.

"The record shows," Sen. McCarthy said, "that this agency has been a policy-making one and has had great influence on policy."

The CIA has been described as second only to the President in power and importance. Yet it operates in almost complete secrecy—not only from the public, but from Congress. It writes its own ticket. Its budget is secret—even the total. Its personnel is secret.

Now no one is proposing, certainly not Sen. McCarthy, that the CIA function in a goldfish bowl—as openly as other departments do—or should. The Senator proposed a joint committee of Congress to keep tabs on the agency, as similar committees do in other areas.

"After all," he said, "we have a representative democracy and in major decisions, whether domestic or international, some concurrence and some participation on the part of Congress have clearly been involved from the very beginning."

Our intelligence, gathered and evaluated by the CIA, is the basis for much of our foreign policy. Or should be. It is the basis for military decisions. Or should be. Congress has a heavy duty in these areas. Congress ought to know what's going on.

Attorney General Robert F. Kennedy wants Congress to approve wire-tapping by Government agents. Sort of automation for the FBI.

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By James D. Cary
Associated Press

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✓ **McCone**
 The Senate today planned to take up the nomination of John A. McCone to head the Central Intelligence Agency. Debate on the McCone appointment was scheduled and there appeared little doubt that he would be confirmed. But some opposition was expected and Senate Democratic leader Mike Mansfield said a final vote might be delayed until tomorrow. (UPI)

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UPI-9

(MCCONE)

WASHINGTON--THE SENATE SCHEDULED DEBATE TODAY ON PRESIDENT KENNEDY'S NOMINATION OF JOHN A. MCCONE TO HEAD THE CENTRAL INTELLIGENCE AGENCY WHILE THE WHITE HOUSE PONDERED THE APPOINTMENT OF A NO. 2 MAN FOR THE SUPER-SECRET CIA.

MCCONE'S NOMINATION WAS HEADED FOR APPROVAL. SOME OPPOSITION ORATORY WAS IN PROSPECT, HOWEVER, AND SENATE DEMOCRATIC LEADER MIKE MANSFIELD SAID A FINAL VOTE MIGHT BE DELAYED UNTIL TOMORROW.

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(MCCONE)

WASHINGTON--SEN. EUGENE J. MCCARTHY, D-MINN., SAID TODAY THE SENATE SHOULD GIVE CLOSER THAN USUAL SCRUTINY TO JOHN A. MCCONE'S NOMINATION FOR CENTRAL INTELLIGENCE DIRECTOR BECAUSE THE HUSH-HUSH CIA HAS SWEEPING POWERS WITH LITTLE CONGRESSIONAL SUPERVISION.

MCCARTHY PROMPTLY RAN INTO CRITICISM FROM SENS. HENRY M. JACKSON, D-WASH., AND STUART SYMINGTON, D-S.C., FOR DISCUSSING INCIDENTS IN CIA'S OPERATIONS AND SAYING THE AGENCY HAD "TAKEN CREDIT FOR" AIDING IN SUCCESSFUL REVOLUTIONS IN IRAN AND GUATEMALA. BUT THE MINNESOTA DEMOCRAT DENIED JACKSON'S CHARGE THAT HE WAS "EXPOSING ANYTHING" BY DISCUSSING SPECIFIC ACTIVITIES IN PUBLIC.

THE SUPER-SECRET INTELLIGENCE AGENCY--RATHER THAN MCCONE HIMSELF--RECEIVED THE GREATER PART OF MCCARTHY'S ATTENTION IN THE FIRST PART OF HIS SPEECH.

EARLIER, THE SENATE QUICKLY CONFIRMED 21 OF PRESIDENT KENNEDY'S OTHER NOMINATIONS, INCLUDING SEVERAL TOP FIGURES IN THE RECENT STATE DEPARTMENT SHAKEUP.

ON MOTION OF DEMOCRATIC LEADER MIKE MANSFIELD, THE SENATE UNANIMOUSLY AGREED TO POSTPONE A VOTE ON MCCONE UNTIL WEDNESDAY AFTERNOON.

MCCARTHY SAID HE WOULD HAVE MORE CONFIDENCE IN MCCONE IF THERE WAS MORE EVIDENCE THAT THE NOMINEE KNEW MORE ABOUT FOREIGN AFFAIRS AND HAD TAKEN POSITIONS ON COMPLICATED FOREIGN QUESTIONS WHICH THE SENATE COULD SCRUTINIZE.

MCCONE, A WEALTHY CALIFORNIA REPUBLICAN WITH OIL AND SHIPPING INTERESTS, FORMERLY SERVED AS CHAIRMAN OF THE ATOMIC ENERGY COMMITTEE AND AS UNDERSECRETARY OF THE AIR FORCE. HIS NOMINATION FOR THE CIA POST WAS UNANIMOUSLY APPROVED BY THE SENATE ARMED SERVICES COMMITTEE.

WHEN SYMINGTON REMINDED MCCARTHY THAT THE SENATE TWICE BEFORE HAD EXAMINED MCCONE'S RECORD AND FINANCIAL HOLDINGS BEFORE CONFIRMING HIM UNANIMOUSLY FOR OTHER JOBS, MCCARTHY SAID "WE NEED TO GIVE MORE CAREFUL CONSIDERATION" BECAUSE OF CIA'S NATURE.

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1/25/62

McCone Withheld Some Facts

While Drew Pearson is in the Midwest, his column is written by his associate, Jack Anderson.

By Jack Anderson

The Maritime Administration's confidential records reveal that John McCone, the new Central Intelligence chief, did not correctly inform Senators last week about an alleged conflict of interest while he was Atomic Energy chairman.



We hope that McCone's period as CIA director will be productive and efficient. But one of the purposes of Senate confirmation debate is to alert the public regarding the past record of the office holder, and put him on notice regarding the future. This was one objective in cross-examination given McCone by some of the more alert and conscientious members of the Senate Armed Services Committee.

They questioned McCone about the arbitrary award of the atomic ship contract to States Marine, which was associated with McCone in several joint shipping ventures.

A selection board, using a careful point system, to determine the best qualified company, rated States Marine sixth out of seven applicants. Yet the Eisenhower Adminis-

tration overruled the board and gave McCone's shipping partner the contract anyhow.

Claiming no part in the contract negotiations, McCone testified last week: "This contract was negotiated during the spring of 1958. It was awarded on the 6th of June of 1958. I took office the 9th or 10th of July, some six weeks later."

Maritime records disclose, however, that the contract wasn't awarded until July 25, 1958. Even more significant, it was held up by the Atomic Energy Commission, which wanted the language revised.

All this happened while McCone was chairman. His legal officer, who drafted the changes that the AEC wanted in the States Marine contract, was James Wolf.

Reached in Pittsburgh, where he is now practicing law, Wolf confirmed to this column that the AEC had delayed and revised the contract. Maritime officials, who helped with the revisions, also recall that the question of McCone's conflict came up informally.

This makes clear (1) that the AEC participated in preparing the States Marine contract, and (2) that the final drafting occurred after McCone became chairman.

Yet at his Senate hearing last week, he claimed that the contract negotiations not only were handled strictly by the Maritime Administration but

were completed before he was sworn into the AEC.

Short Memory

Maine's demure Sen. Margaret Chase Smith brought out that McCone, though aware of the States Marine conflict, neglected to mention it during his 1958 confirmation hearings.

"Why didn't you mention the States Marine lines in your answer?" she asked sweetly.

"I cannot recall," shrugged McCone, "except that there was no contract between States Marine and the Atomic Energy Commission."

Again, he was less than frank about the AEC's part in preparing the final contract. South Dakota's GOP Sen. Francis Case, author of the Renegotiation act, which has saved the Government more than \$12 billion in excess war profits, also tried to pin McCone down on his World War II profits.

Fat War Profits

"Apparently," declared Case, "it became possible for a group with which you are associated, with a basic investment of \$100,000, to make profits of over \$44 million in the space of a couple of years or less. Is that a fair statement?"

"No," objected McCone. "I do not think it is, Senator." He launched into an in-

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Sen. Glenn Beall, Maryland Republican, brought out that McCone, as Under Secretary of the Air Force, had participated in awarding a juicy airplane contract to Henry Kaiser, a former business associate. Kaiser-Frazer promptly ran up the cost of producing the C-119 flying boxcar nearly five times the previous price.

"Wasn't it a fact that Fairchild was building the C-119 for \$260,000?" demanded Beall.

"Just about," McCone admitted.

"And Kaiser-Frazer charged \$1,200,000?" Beal pressed.

"Information of that nature came out in the June, 1953, hearing," McCone acknowledged.

"Why," asked Sen. Howard Cannon, Nevada Democrat, "was the contract taken from Fairchild and awarded to Kaiser?"

"What happened was that we were going through a vast expansion of our aircraft production program," explained McCone. "The problem we faced was whether to open up a second plant under Fairchild management or to take a second source such as Kaiser-Frazer. The recommendation of the Air Materiel Command, which I approved, was to select Kaiser-Frazer."

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The Washington Merry-Go-Round

THE WASHINGTON POST Thursday, January 25, 1962 B15

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The Washington Merry-Go-Round

McCone Won't Sell Oil Stock

By Drew Pearson

Senators who questioned John McCone, new Central Intelligence Chief, last week seemed most concerned about his position as one of the biggest stockholders in Standard Oil of California.



In the back of their minds was the influence this might have on McCone's CIA recommendations regarding Arabian oil, Israel, and one of the world's key trouble spots—the Near East.

Senators who listened to McCone's cool, quiet denials that his \$1,000,000 personal investment in Standard Oil of California would influence his decisions, did not know that only one night before he had had dinner with Ted Peterson, long-time head of Standard Oil of California.

Peterson had come to Washington for the express purpose of using his personal influence and charm on any Senators who might be opposed to McCone's confirmation, and conferred with McCone on the eve of the Senate hearing.

This in itself would indicate how important the oil company considers McCone's appointment to the key post of Central Intelligence Chief. man Dick Russell of Georgia also confirmed its importance

by declaring solemnly that McCone's job was "second, only to the Presidency in its importance."

But Russell showed his annoyance when Senators wanted to question McCone by pointedly reading his personal mail during the critical questioning. Then he studied a coat-of-arms design and tried to interest Sen. Margaret Chase Smith in it.

The lady from Maine, however, was not to be deterred. She brought out that McCone owned a \$1,000,000 worth of stock in Standard Oil of California, one of the four founders of the Arabian-American Oil Co.

"It is clear," she pressed, "that the Central Intelligence Agency must make some evaluations, recommendations and reports to the President regarding the Middle East. Do you see any possibility of conflict of interest on these matters as CIA director when you have such large holdings in these oil companies?"

"The amount of my holding in Standard Oil of California that you mentioned is approximately correct," McCone admitted. "It might be a little larger than the figure you mentioned. But quite aside, my opinion is that the holding of stock in an oil company or in several oil companies would have no effect whatsoever on my activities as director of Central Intelligence." Sen. Russell had said that it would not be necessary for

McCone to sell his oil stock or his shipping company stock.

When Sen. Bartlett bought up the subject, Massachusetts blueblood Sen. Leverett Saltonstall fidgeted with irritation.

"Mrs. Smith has already asked that one," Saltonstall whispered fussily. "She has already asked those questions."

Aramco's Record

But Bartlett considerably poured McCone another glass of water and went on with his questioning.

"Do you know," he inquired softly, "if Standard Oil of California is a member of the Arabian-American Oil Co.?"

"Yes, it is," acknowledged the CIA nominee.

"And, of course, all of us have heard that this company, operating in the Middle East, has at various times intervened or participated or interfered in the operations of governments in those areas," observed Bartlett. "Would you have any comment to make upon that?"

"In my trips to the Middle East," McCone replied coolly, "I have observed that the Aramco people handled their relationship with the governments of Arabia and Bahrain Island in a very satisfactory way and so reported to me. I don't know of any interference."

The Senators, perhaps in deference to Russell's scowls and Saltonstall's fidgeting, did not press McCone further. But in the files of the Senate investigating committee and the

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State Department is an amazing record of oil-company intervention on the side of the Arab states. It includes:

1. An advance of \$200,000,000 in oil royalties to King Saud to finance the 1956 arms buildup against Israel.

2. A Senate report that the \$4,000,000 United States base in Saudi Arabia was built without congressional authorization in order to help out the Arabian-American Oil Co. in its relations with King Saud.

3. A Senate investigating committee report that Aramco overcharged the United States Navy \$67,000,000 on wartime oil in order to help Saudi Arabia.

This report, signed by the late Senator Brewster of Maine, states: "To induce the grant of aid to the Saudi Arabian government, the Arabian-American Oil Co. offered to sell to the United States at prices based on fuel oil at 40 cents a barrel.

"When the United States needed oil because of its war demands, notwithstanding these prior proposals, the companies offered the Navy fuel oil at \$1.05 a barrel on a take-it-or-leave-it basis. The Navy was forced to buy the oil on these terms.

"The oil companies," concludes the Senate report, "exploited the Government by exacting high prices, despite the assistance granted Saudi Arabia at the companies' request to protect and preserve the companies' concessions."

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McCone Gets Approval of Committee

Associated Press

The Senate Armed Services Committee yesterday formally approved the nomination of John A. McCone to head the Central Intelligence Agency.

Chairman Richard B. Russell, (D-Ga.) announced that the Committee in a closed meeting also approved the nominations of:

Fred Korth, (Fort Worth, Tex.) to be Secretary of the Navy.

Neil E. Harlan, a Harvard professor, to be Assistant Secretary of the Air Force for Financial Management.

Russell told newsmen there were no votes against reporting any of the three nominations to the Senate, but that at least one Senator had gone along as to McCone "with reservations," meaning the Senator reserved a right to oppose confirmation in the Senate if he wished. He did not name the Senator.

Russell says he expects no substantial opposition to McCone in the Senate.

McCone, Korth and Harlan already are on the jobs under recess appointments from President Kennedy announced before Congress reconvened.

The Committee's approval of McCone follows public hearings last week at which Sen. Eugene J. McCarthy (D-Minn.) raised critical questions about the CIA's powers and whether McCone is the right man to head the super-secret Intelligence Agency.

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The CIA's Role

Members of Congress are quite justified in closely questioning John A. McCone about his conception of his new job. As director of the Central Intelligence Agency, Mr. McCone occupies a unique place in government. His agency is not subject to the normal checks of political supervision, yet the CIA has wide discretion in highly sensitive areas of policy.

A good part of the CIA's function is to perfect the national intelligence estimate so important to executive decision. But the CIA sometimes has been not only an instrument policy, but an original source of policy as well.

For this reason, it is reassuring that Mr. McCone, in response to questions from Sen. Eugene McCarthy, asserts that he does not regard his post as "a policy making position." It is also a credit to Mr. McCone's good sense that he plans to decline to volunteer his views on national policy to public audiences.

To be sure, these reassurances from Mr. McCone do not resolve the question of fitting the CIA into the framework of a free society. The problem has been succinctly phrased by Harry Howe Ransom:

Whatever one's views, the existence of a secret bureaucracy poses special problems in the American system of government. Knowledge is power. Secret knowledge is secret power. A secret apparatus, claiming superior knowledge and operating outside the normal checkreins of American democracy, is a source of invisible government.

One approach to the dilemma is that urged by Senator McCarthy, who suggests the establishment of a joint congressional committee to exercise supervision over the CIA in somewhat the same manner as the Joint Committee on Atomic Energy operates. But the weakness of this approach is suggested by the present Joint Committee's history: the watchdogs can sometimes become influenced by the agency under scrutiny instead of an influence on it.

Perhaps a more effective technique is to rely on the Executive Branch to build in safeguards. Mr. Kennedy, following the Cuban debacle, took this path in relying on Gen. Maxwell Taylor to keep watch on the CIA.

The director of the CIA, Senator McCarthy has remarked, "should be more interested in finding evidence and passing objective judgment on it than attempting to polarize opinions or supporting a set position." This seems a fair caveat; the hearings on Mr. McCone's appointment have served a useful function by acquainting the new CIA Director with misgivings about his job.

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McCone
 The Senate Armed Services Committee unanimously approved the nomination of John A. McCone as director of the Central Intelligence Agency. The Senate is expected to act this week on the appointment. The committee also cleared the nomination of Fred Korth to be Navy Secretary. (UPI)

John O. McCone

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McCone Holdings Suggest Conflict

By Dreia Pearson

Some of the Democrats who shouted loudly and continuously about conflicts of interest in the Eisenhower

Administration are now loath to talk about possible conflicts in the Kennedy Administration—especially the dubious position of John A. McCone, new chief of Central Intelligence.



Pearson

This column was one which helped expose some of the conflicts among Eisenhower officials; therefore, feels obligated to do the same with Democrats.

One of McCone's most important investments is in Standard Oil of California and Standard Oil of New Jersey. He has been a director of the former, and its report to stockholders as of Aug. 1, 1961, lists him as owning 18,318 shares, on top of which he received a stock dividend of 915 shares, which at the current value of \$53.50 gives the new CIA chief an investment of \$1,028,965.50 in Standard of California.

This makes him the second biggest stockholder in a company whose profits and future are materially influenced by Central Intelligence.

McCone, when up for confirmation to a past Government post, has declined to sell his stock in these oil companies but put them in a trust. Secretaries of Defense Charley Wilson and Robert McNamara would have been

delighted to put their stock in General Motors and Ford in trust, but were not permitted to do so.

Effects on Israel

It happens that Standard of California and Standard of New Jersey control the Arabian American Oil Co., which operates perhaps the most fabulous oil concession in the world, with reserves estimated to last around 100 years.

It also happens that the Near East is a field where Central Intelligence has played an all-powerful role and usually swung its weight against Israel, the only democratic country in that area. The CIA has probably influenced policy more than the State Department, and it has nearly always sided with the oil companies.

Here are some illustrations of how events have been influenced in the Near East.

Illustration No. 1—In 1952, CIA maneuvered an Egyptian revolt that kicked out King Farouk and substituted the Naguib-Nasser rule. This may or may not have been a good thing, but there is no question but that the coup was organized by CIA; that it led to the strengthening of Egypt in the Arab world.

Illustration No. 2—When John Foster Dulles sent George Allen, then Assistant Secretary of State, with a special message to President Nasser, it was the Central Intelligence director, for the Near East, Kim Roosevelt, who told Nasser to ignore the Dulles message.

Illustration No. 3—During the Suez war of 1956, it was Central Intelligence which sent in the reports that guided President Eisenhower

in making his decisions. These reports may have been completely conscientious and accurate. But they ought not to be made by a director who has heavy investments in the major American oil companies affected by the Suez war.

Illustration No. 4—Just prior to the Suez war, Nasser put the bite on the Arabian American Oil Co. through his friend King Saud of Saudi Arabia to collect \$200 million of advance oil royalties. This was used directly to purchase the huge arsenal of Czech arms which Egypt amassed on Israel's border prior to the Suez war. It was this buildup of arms that touched off the war.

Profits vs. Strategy

Illustration No. 5—During the Suez war, Syria served an ultimatum that it would cut the pipelines crossing her territory if any American oil were sold to the French and British. The United States promptly curtailed all oil shipments to the French and British. The CIA Director, who must necessarily participate in such a decision, should not be a heavy stockholder in oil companies that are affected.

Illustration No. 6—During the first three months of 1957, immediately following the Suez crisis, Standard of New Jersey raked in the huge income of \$237,000,000—16 per cent more than in the same period of the previous year. In the same period, California jumped its profits 13 per cent. This resulted directly from the Suez crisis and a resultant boost in the price of oil. The man who heads CIA, even

though he leans over backward to be impartial in his judgments, should not be a big stockholder in companies likely to profit from his decisions.

Illustration No. 7—It was CIA which secretly organized the political maneuver which kicked Premier Mossadegh out of Iran. He had seized the Anglo-Iranian oil refinery. Anglo-Iranian is a competitor of Aramco. The head of CIA, with oil stock, should not be in a position where he has to undertake operations for or against competitors of the companies in which he has an interest.

Illustration No. 8—The oil-rich sheikdom of Kuwait right now is in throes of trouble with oil-rich Iraq. Britain gets most of its oil from Kuwait. Some of Kuwait's oil also goes to Sun Oil, Union Oil, and Gulf—all competitors of Standard of New Jersey and Standard of California, in which McCone holds heavy interest.

Again, a CIA director, no matter how conscientious, should not be a man who directly or indirectly must handle operations which could affect his own companies or his competitors.

NOTE—McCone's wholly owned Joshua Hendy shipping line with his partner, State's Marine (which got the prize atomic merchant ship, Savannah contract when McCone was atomic chairman), got \$2 million in charter hire contracts from Standard of California in 1960 and they have continued to do a profitable business with it since.

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McCone Defends CIA But Won't Bar eDetails

By the Associated Press

Director John A. McCone defended today the activities of the Central Intelligence Agency, but declined to go into detail on its operations, past or future.

Replying to criticisms aimed at the super-secret agency and at his qualifications to head it, Mr. McCone reiterated he does not feel the CIA director is in a policy-making position. And he promised to keep four congressional subcommittees informed about operations of the agency.

What CIA does, how it does it, how many employees it has and what it spends never have been publicly disclosed.

Mr. McCone's public discussion of the CIA and his plans for it went in a letter to Chairman Russell, Democrat of Georgia, of the Senate Armed Services Committee. The communication was sent in reply to questions raised last week at a committee hearing on the nomination.

Approval Due Today
The committee is expected to approve today and send on to the Senate for indicated confirmation. President Kennedy's appointment of the 60-year-old millionaire industrialist and shipping-line executive for the sensitive post.

Mr. McCone succeeded Allen W. Dulles as CIA director last November while Congress was in recess.

Last Thursday Senator McCarthy, Democrat of Minnesota, raised a number of critical questions about CIA operations and the fitness of Mr. McCone for the important post.

As presently operating, Mr. McCone said, the CIA "is not a bad pattern of organization" but added "some changes will be indicated."

Senator McCarthy questioned both the legality and authority for some recent actions credited to the CIA. He said the secret agency was reported to have helped oust the Premier of Iran in 1953, overthrow the President of Guatemala in 1954, and aided the ill-fated Cuban invasion.

McCone's Answer

In reply, Mr. McCone wrote: "Many events have been attributed to the Central Intelligence Agency over the years, and it would be impossible for me to have the facts on these matters, but I certainly do not accept because they are attributed to the Central Intelligence Agency that the agency is responsible for them."

Mr. McCone promised "to carry out to the best of my ability all duties assigned, and I must assume that no such assignment would cause me to violate my oath of office to support and defend the Constitution."

To Senator McCarthy's question as to the authority and ethics of some CIA activities, Mr. McCone replied:

"The very nature of the question is such that I cannot respond to it, particularly in the light of responsibility imposed upon me by law to assure the protection of intelligence sources and methods from unauthorized disclosure."

Mr. McCone served as chairman of the Atomic Energy Commission from 1958 to 1961 and Senator McCarthy asked about "leaks" of information in the disputes over nuclear testing.

McCone Defends AEC
Flatly denying that he or anyone in AEC leaked this or other classified information, Mr. McCone said: "There were leaks in this area, but there were none that were attributed to the Atomic Energy Commission."

He denied also Senator McCarthy's implication that Mr. McCone, as a trustee of the California Institute of Technology, had attempted to have fired 10 professors who publicly differed with him on atomic issues.

Mr. McCone said Senate and House subcommittees of both the Armed Services and Appropriations Committees, dealing with CIA. This was his answer to complaints by Senator McCarthy and others that Congress has little check or supervision of the agency.

The Central Intelligence Agency has been at all times responsive to the calls of these subcommittees and in addition has brought to their attention matters the agency felt should properly be considered by them," he said, adding:

"I will continue this policy and this relationship with these subcommittees."

He noted also that CIA reports to the National Security Council and is subject to direction by the National Security Council.

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(MCCONE)

WASHINGTON--THE SENATE ARMED SERVICES COMMITTEE TODAY APPROVED THE NOMINATION OF REPUBLICAN JOHN ALEX MCCONE, 60, AS DIRECTOR OF THE COUNTERSPY CENTRAL INTELLIGENCE AGENCY (CIA).

COMMITTEE CHAIRMAN RICHARD B. RUSSELL, D-GA., TOLD REPORTERS THE NOMINATION WAS APPROVED UNANIMOUSLY, BUT SEVERAL MEMBERS RESERVED THE RIGHT TO FURTHER EXPLAIN THEIR POSITION ON THE SENATE FLOOR.

HE SAID HE EXPECTED THE SENATE TO VOTE ON THE NOMINATION SOMETIME THIS WEEK. THE COMMITTEE VOTE WAS TAKEN AFTER THE GROUP LISTENED TO THE SECOND DAY OF CLOSED-DOOR BRIEFINGS BY DEFENSE SECRETARY ROBERT S. MCNAMARA ON THE PROPOSED \$51.6 BILLION MILITARY BUDGET FOR NEXT YEAR.

THE COMMITTEE ALSO CLEARED TWO OTHER NOMINATIONS.

THEY WERE FRED KORTH, TEXAS BANKER, FOR SECRETARY OF THE NAVY, REPLACING JOHN CONNELLY, WHO RESIGNED TO RUN FOR TEXAS GOVERNOR; AND NEIL E. HARLAN, HARVARD BUSINESS ADMINISTRATION PROFESSOR, FOR ASSISTANT SECRETARY OF THE AIR FORCE FOR FINANCIAL MANAGEMENT.

RUSSELL SAID THE COMMITTEE QUESTIONED MCNAMARA AND HIS AIDES CLOSELY ABOUT A NUMBER OF PROPOSALS IN THE RECORD FISCAL 1963 DEFENSE BUDGET.

"THERE IS SOME SENTIMENT IN THE COMMITTEE AGAINST THE ABANDONMENT OF PROCUREMENT FOR MANNED BOMBERS," RUSSELL SAID. HE SAID THE COMMITTEE ALSO WAS CONCERNED THAT PRODUCTION FOR THE B-70 SUPER-BOMBER HAD BEEN CUT BY MCNAMARA.

THE BUDGET CALLS FOR CONTINUED RESEARCH AND DEVELOPMENT ON THE 2,000-MILE-AN-HOUR B-70, BUT NO FUNDS TO PUT IT INTO PRODUCTION. IT ALSO EARMARKS NO FUNDS FOR B-52 MANNED BOMBER PRODUCTION.

"I THINK IT STILL IS TOO EARLY TO ABANDON MANNED AIRCRAFT IN FAVOR OF MISSILES," RUSSELL SAID. HE EXPLAINED BOMBERS WERE PROVEN WEAPONS, WHILE THE U.S. MISSILE ARSENAL STILL FELL FAR SHORT OF 100 PER CENT MILITARY RELIABILITY.

THE CRITICISM WERE SIMILAR TO THOSE VOICED LAST SESSION, WHEN CONGRESS OVERRODE MCNAMARA AND VOTED AN EXTRA \$525 MILLION FOR MANNED BOMBER PRODUCTION, AND \$180 MILLION FOR THE B-70. THE PENTAGON DID NOT SPEND EITHER SUM.

RUSSELL SAID SOME COMMITTEE MEMBERS ALSO QUESTIONED MCNAMARA ABOUT THE PROPOSAL TO CUT ARMY RESERVES AND NATIONAL GUARD BY 30,000 MEN NEXT YEAR.

MCNAMARA WAS ACCOMPANIED BY GEN. LYMAN LEMNITZER AND OTHER MILITARY PERSONNEL. THE COMMITTEE WAS DUE TO RETURN FOR FURTHER AFTERNOON BRIEFINGS.

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WASHINGTON CAPITAL NEWS SERVICE

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The CIA and Congress

WHEN JOHN McCONE, President Kennedy's choice as the new head of the more or less mysterious Central Intelligence Agency, was before the Senate Armed Services Committee last week, Sen. Eugene McCarthy (D., Minn.) urged a specially intensive scrutiny of McCONE's qualifications.

The Senator's reason, he said, was that Congress would have little or no supervision over McCONE's operations.

This is true, despite some claims that congressional appropriations committees get the low-down on the CIA when the agency appears for funds to operate.

The Minnesota Senator—and many others in Congress—favor a special joint committee of the House and Senate to oversee the CIA. This was recommended years back by the Hoover Commission, following a check by a task force headed by Gen. Mark Clark. Since the operations of the CIA necessarily are highly secret, the joint committee was proposed as a means of assuring the taxpayers, who pay for it, that it was doing the best possible job.

IT WASN'T DOING such a job at the time of the Hoover Commission, the task force said. And since then there has been no check, independent of the Administration, to find out how much it has improved, if any.

What the Hoover Commission said then (1955) is as true now, or more so:

"The fate of the nation well may rest on accurate and complete intelligence data which may serve as a trustworthy guide for top-level decisions on policy and action in a troubled world."

As chairman of the Atomic Energy Commission in the last two and a half years of the Eisenhower Administration, McCONE worked closely with the Joint Congressional Atomic Energy Committee. If anything, a like committee on our intelligence activities is even more important.

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Mr. Mohr
Mr. Callahan
Mr. Conrad
Mr. Felt
Mr. Gale
Mr. Rosen
Mr. Sullivan
Mr. Tavel
Mr. Trotter
Tele. Room
Mr. Ingram
Miss Gandy

The Knoxville
News-Sentinel
Knoxville, Tennessee
LOYE W. MILLER,
Editor

Home Edition

Dated 1/22/62

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No. 2 Man Is Stepping Down

Military Aide to CIA Boss Is Urged on Hill

Top Senate military experts prefer that a military officer be top assistant to Central Intelligence Director John A. McCone.

Air Force Lieut. Gen. C. P. Cabell is retiring at the end of this month as the CIA's No. 2 man. The vacancy is still to be filled, and the law permits a civilian or a military man to hold the post.

However, Chairman Richard B. Russell (D., Ga.), Sen. Stuart Symington (D., Mo.) and Sen. Prescott Bush (R., Conn.), all advised Mr. McCone yesterday to recommend a military man for President Kennedy's consideration.

Sen. Russell said he believes Congress, which provided by law that if a military man is CIA director, he must have a civilian assistant, meant the reverse to apply too. Sen. Symington said a military man helps the liaison between CIA and the Armed Services which, he said, has not always been of the very best.

Mr. McCone told the senators that he would prefer a military man since war-time would put much of his agency under the military. He stressed, however, that he needs a top man for the post, which is more important than before because of an administrative shift making the deputy CIA director the CIA spokesman on the board which makes national intelligence estimates.

The discussion of Mr. McCone's deputy came when he went to the Capitol to testify on his own nomination. The committee finally deferred action on the nomination, but chairman Richard B. Russell (D., Ga.) said indications are that it will be approved next Monday. (UPI)

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Elsewhere on the Hill:

✓ Budget

Chairman Harry F. Byrd (D., Va.) of the Senate Finance Committee, predicted today President Kennedy's record peacetime budget would produce a \$1 billion to \$5 billion deficit rather than the \$500 million surplus claimed by the President. Sen. Byrd, who plans to launch a major fiscal inquiry, joined Republicans in challenging Mr. Kennedy's optimism about a surplus in the \$92.5 billion budget for the fiscal year starting July 1. (UPI)

✓ Taxes

President Kennedy, at the risk of spilling red ink on his narrowly balanced budget, was pushing today for a multi-billion-dollar program of

tax relief for business. The Administration is concerned over indications that other countries are modernizing their industries more rapidly than the United States, and has devised a two-pronged tax incentive program to stimulate American business to invest and modernize to meet the stiffer competition of foreign industries. (UPI)

✓ Pinball

A pinball machine maker's aide told the House Commerce Committee today that Atty. Gen. Robert F. Kennedy has not proved that free plays on the machines are "a national evil." Martin M. Nelson, of the Bally Manufacturing Co. of Chicago, appeared before the committee to testify against Mr. Kennedy's proposed bill to make it a crime to ship certain types of pin-

ball machines, roulette wheels and other gambling devices across state lines. (UPI)

✓ Speaker Sam

The House paid its final tribute to the late Speaker Sam Rayburn yesterday. Congressmen from Rep. Rayburn's successor, John W. McCormack, to men who were not even born when Rep. Rayburn first came to Congress in 1931, took part in the memorial. (UPI)

✓ Medicare

Senate Democratic leader Mike Mansfield said he would "do everything I can" to get the Senate to consider a bill to provide medical care for the aged under Social Security this year. He admitted that it may be hard to get such a bill approved, but said he still had hopes. (UPI)

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McCone Pictures His CIA Job As All-Intelligence Coordinator

By Chalmers M. Roberts
 Staff Reporter
 Central Intelligence Agency
 Director John A. McCone disclosed yesterday a Presidential directive that he guide and coordinate "the total United States and foreign intelligence effort."
 He did so at a Senate Armed Services Committee hearing on his confirmation. A favorable committee vote is expected on Monday.

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McCone said he felt his post was "not a policy-making position" but that he would expect President Kennedy might ask "my personal opinion" due to his long prior service in government. He promised to keep the Committee informed and not to let his views be "colored or influenced," as Chairman Richard Russell (D-Ga.) put it, by any other Government agency.

Sen. Eugene J. McCarthy (D-Minn.), not a Committee member, read a memorandum questioning the supervision of the agency and raising the old issue of McCone's attitude during the 1956 presidential campaign about a group of scientists who differed with him on the nuclear test ban issue.

Opposes Unpoliced Test Ban

In response to later questioning by Sen. Stuart Symington (D-Mo.), who strongly praised the nominee, McCone said that as a California Institute of Technology trustee, he had "brought no formal charge" against the scientists. He said he had not "officially" sent anyone a copy of his letter of protest to the scientists.

As to his views, he said he was and continued to be "a strong supporter of massive retaliation" as a policy. But he also said the United States must be able to "conduct wars at various levels" of armaments. He said he was against an unpoliced test ban.

CIA operations, said McCone, would be carried out "with the knowledge" of the President and Secretary of State. He said the President had wide powers "to do the things which are necessary in the national interest and those powers are best served by taking steps to defeat the encroachment of communism."

McCone said one CIA change had been made: his deputy will serve as the agency representative on the National Intelligence Board rather than McCone himself, who is the Board chairman. This would give him a position of more impartiality, he said. But he also noted that the Board is advisory to the CIA director "who transmits his views" to the President.

Influence Reports Denied

McCone denied reports that he had used his influence while Atomic Energy Commission chairman to assign maintenance of the nuclear ship Savannah to a shipyard owned by him. He said the contract involved was made before he joined the AEC and that "I at no time discussed the assignment of that contract with anyone in Government."

He also denied that he had been responsible for any news leak while at AEC. McCarthy had asked whether he was responsible for anti-test ban reports from the agency.

The Committee also considered nominations of Navy Secretary Fred Korth and of Nell E. Harlan, Assistant Air Force Secretary for Financial Management. Sen. Margaret Chase Smith (R-Maine) exacted a promise that Korth would stay on the job, a promise she said she also had received from his predecessor, John Conally, who quit to run for Governor of Texas.



Associated Press

Sen. Richard B. Russell (D-Ga.), at right, greets Fred Korth before the start of a hearing yesterday by the Senate Armed Services Committee on Korth's nomina-

tion to be Secretary of the Navy. At center is John A. McCone, nominated for Director of the Central Intelligence Agency, who also appeared.

THE QUIET SPY

New CIA Chief Has Little to Tell Senators

By MARY MCGRORY
Star Staff Writer

What are the qualifications for the Nation's No. 1 spy?

Should he, for instance, look like one?

John A. McCone, the President's nominee to be director of the Central Intelligence Agency, does not. This of course, could be a plus, since it might confuse the enemy. No one looking at Mr. McCone's open face, his white hair and brown eyes, would ever suspect him of trying to decipher invisible writing or following someone down a dark street.

Appearance of Executive

Sitting stiffly before the Senate Armed Services Committee in his dark blue suit at his confirmation hearings, he looked like the successful business executive he once was.

Mr. McCone does not move his lips when he talks. Nor does he talk much. He didn't volunteer a thing to the Senators. When they asked him questions which in other nominees would have set off a Fourth of July oration, he said in his tight-lipped fashion that he would prefer not to comment, except possibly in executive session.

But a spy shows his stuff not by what he says himself but by what he gets other people to tell him; and the meetings in the Armed Services Committee Room did not give Mr. McCone any opportunities along that line.

New to the Field

Should a spy be an old hand or a "natural" newcomer? That question came up, and Mr. McCone said frankly he had no experience in intelligence and investigation work, which, considering some of the recent mishaps of the agency he will head, might be all to the good.

Still, he seems to lack the natural curiosity which might be considered essential in the spy game. When Senator Margaret Chase Smith, Republican of Maine, asked him who had recommended his appointment, Mr. McCone said he didn't know.

This would indicate, at least, that Mr. McCone, a serious 60-year-old, pays no heed to Washington gossip, which had it that he owes his present job to the President's brother, Attorney General Robert F. Kennedy, who headed a special committee to investigate the CIA after the Cuban misadventure.

McCarthy's View

Senator McCarthy, Democrat of Minnesota, who is not a member of the Armed Services Committee, which must decide if McCone fills the bill as the Nation's No. 1 spy, had an idea of what such a super-spy should be.

Said Senator McCarthy: "He should be a man who is self-possessed, restrained and detached."

Senator McCarthy suggested to members of the committee that, since the Congress can know nothing about the Central Intelligence Agency, it should know everything possible about the man who runs it. He issued an invitation to the committee to consider the whole character of Mr. McCone.

Discuss 1956 Issue

The committee did not respond favorably to Senator McCarthy's statement, which he called "a paper" betraying his academic background. The most serious question he raised was in connection with Mr. McCone's treatment of ten scientists of the California Institute of Technology who in 1956 called for a moratorium on nuclear testing. Mr. McCone wrote a letter taking exception to the scientists' views, which he said, were "obviously designed to create fear in the minds of the uninformed that radioactive fallout from H-bomb tests endangers life."

Senator McCarthy said "it had been reported" that Mr. McCone, a trustee of the institute, had demanded that the 10 scientists be fired.

He said he did not know whether it is true or not, but that the committee should inquire about the matter.

At least one member of the committee, Senator Symington, Democrat of Missouri, said he found Senator McCarthy's appearance "somewhat unique."

Lauded by Symington

Senator Symington's investigations had convinced him that "there has never been a better public servant in Washington" than Mr. McCone.

The nominee listened to him impassively.

"We have heard a lot of chatter about academic freedom," said Senator Symington, with great briskness. "You were a trustee and you had a certain responsibility and you wrote a letter saying you disagreed with these men and you did not ask they be discharged."

Senator Symington congratulated President Kennedy for nominating such an excellent man to be his No. 1 spy.

Later the committee gave informal approval to Mr. McCone's nomination. Formal vote was deferred until Monday, but the Associated Press reported that a substantial majority of the committee would endorse the millionaire industrialist for his third high-ranking governmental post. Full Senate confirmation is expected with little dissent.

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McCone Denies Effort To Purge Professors

By EARL H. VOSS
Star Staff Writer

John A. McCone, nominated as the new director of the Central Intelligence Agency, today denied he sought the dismissal of 10 university professors because they publicly expressed views opposing his own.

Mr. McCone, testifying before the Senate Armed Services Committee today, also said that the Attorney General's office had given him an opinion that his business interests would present no conflict of interests problems in the CIA job.

Both the conflict-of-interest and university professor issues were raised earlier in testimony by Senator Eugene McCarthy, Democrat of Minnesota.

Senator McCarthy, who is not a committee member, also advocated establishment of a joint committee to supervise the activities of the CIA.

Before taking the stand, Mr. McCone made public a directive from President Kennedy giving him clear-cut authority over all foreign intelligence as CIA director.

In a White House memorandum dated January 16, Mr. Kennedy said he wanted Mr. McCone to undertake the coordination and effective guidance of the total United States foreign intelligence effort.

"As the Government's principal intelligence officer, you will assure the proper coordination, correlation, and evaluation of intelligence from all sources and its prompt dissemination to me and to other recipients as appropriate," the President added.

The memorandum also asked Mr. McCone to "coordinate and supervise the activities of the Central Intelligence Agency, including the collection, processing, and dissemination of intelligence, and to ensure the proper functioning of the Agency's various components." Mr. McCone said he would have a meeting with the CIA staff on Monday to discuss the plan.

charged for publicly advocating a moratorium on nuclear weapons testing in 1956.

Mr. McCone acknowledged he had written a letter to one of the professors opposing their stand, but denied taking the case to university authorities.

It was pointed out that the Joint Atomic Energy Committee had gone into the case thoroughly during the summer of 1958 before voting unanimously to approve him as AEC chairman.

Mr. McCone told the committee Mr. Kennedy had asked him to take the CIA post last September, 27, two months before formal announcement of his nomination. In the intervening two months, Mr. McCone reported, he traveled extensively in the Far East and Europe acquainting himself with CIA operations.

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ADD 7 MCCONE WASHINGTON

IN THE COURSE OF HIS TESTIMONY, MCCONE PICKED UP SOME ADVICE FROM COMMITTEE MEMBERS ON THE SELECTION OF A SUCCESSOR TO AIR FORCE LT. GEN. C. P. CABELL, WHO IS RETIRING JAN. 31 AND STEPPING DOWN AS DEPUTY DIRECTOR OF CIA.

ALTHOUGH THE LAW DOES NOT REQUIRE IT, RUSSELL, SYMINGTON AND SEN. PRESCOTT BUSH, R-CONN., URGED MCCONE TO RECOMMEND ANOTHER MILITARY OFFICER. MCCONE, STRESSING THAT HE WANTS A TOP MAN FOR THE JOB, SAID HE WOULD PREFER THAT HE COME FROM THE MILITARY SERVICES.

HE REPLIED WITH A NO-COMMENT TO MRS. SMITH'S QUESTION ON WHETHER CIA SUPPORTS CERTAIN ETHNIC GROUPS SUCH AS THE POLES AND THE HUNGARIANS. BUT HE AGREED WITH CHAIRMAN RUSSELL THAT THE U.S. HAS EVERY RIGHT TO SUPPORT SUCH GROUPS IN VIEW OF THE COMMUNISTS' ACTIVE ATTEMPTS TO INFILTRATE IN NON-COMMUNIST NATIONS.

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(MCCONE)

WASHINGTON--PRESIDENT KENNEDY'S NOMINATION OF JOHN A. MCCONE TO HEAD THE CENTRAL INTELLIGENCE AGENCY WAS ALL BUT ENGULFED TODAY IN THE DRIVE FOR CLOSER CONGRESSIONAL SCRUTINY OVER HIS SECRET ORGANIZATION.

NO REAL THREAT TO MCCONE'S SENATE CONFIRMATION WAS IN PROSPECT AS CHAIRMAN RICHARD B. RUSSELL, D-GA., CALLED THE 60-YEAR OLD SHIPBUILDING EXECUTIVE BEFORE THE SENATE ARMED SERVICES COMMITTEE (10:30 A.M.). HOWEVER, TWO CHAMPIONS OF THE PROPOSAL FOR A CONGRESSIONAL COMMITTEE ON INTELLIGENCE WERE SCHEDULED TO TESTIFY.

SEN. EUGENE J. MCCARTHY, D-MINN., AND REP. EMILIO Q. DADDARIO, D-CONN., WERE SCHEDULED TO TESTIFY ON THE MCCONE NOMINATION. BOTH HAVE ADVOCATED CREATION OF A SENATE-HOUSE WATCHDOG COMMITTEE ON INTELLIGENCE.

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ADD 9 MCCONE, WASHINGTON (UPI-108)

THE ARMED SERVICES COMMITTEE DEFERRED ACTION TODAY ON MCCONE'S NOMINATION BUT ALL INDICATIONS POINTED TO OVERWHELMING COMMITTEE APPROVAL NEXT MONDAY.

THE COMMITTEE ACTED AFTER A DAY-LONG APPEARANCE BY MCCONE. SINCE MCCONE HAD BEEN ASKED TO SUPPLY DATA BY SOME MEMBERS, THE COMMITTEE DECIDED TO OBSERVE THE LETTER OF ITS RULE WHICH REQUIRES SUCH NOMINATIONS TO AWAIT ACTION IN THE COMMITTEE FOR A WEEK.

RUSSELL COMMENTED, HOWEVER, THAT WHILE "SOME DOUBTS" WERE EXPRESSED ON MCCONE'S NOMINATION HE KNOWS OF "NO SUBSTANTIAL OPPOSITION AND EXPECTS THAT "A SUBSTANTIAL MAJORITY OF THE COMMITTEE WILL FAVOR" MCCONE AND TWO OTHER PRESIDENTIAL NOMINEES CAUGHT UNDER THE SEVEN-DAY RULE.

ALSO PASSED OVER FOR ACTION AT A SCHEDULED MEETING MONDAY WERE THE NOMINATIONS OF FRED H. KORTH, TO BE SECRETARY OF THE NAVY, AND NEIL HARLAN, TO BE ASSISTANT SECRETARY OF THE AIR FORCE.

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UPI-186

ADD 6 MCCONE WASHINGTON *John*

SEN. MARGARET CHASE SMITH, R-ME., TOLD MCCONE THAT SHE WILL NOT BE ABLE TO VOTE FOR HIS CONFIRMATION UNTIL HE PROVIDES A FULL REPLY TO MCCARTHY'S TESTIMONY AND MAKES AS MUCH OF IT PUBLIC AS POSSIBLE. SHE SAID SHE HAS NOT DEVELOPED A VERY FAVORABLE OPINION OF CIA AS A MEMBER OF SENATE COMMITTEES DEALING WITH MILITARY MATTERS AND HAS SERIOUS RESERVATIONS ABOUT THE "BLANK CHECK" OPERATION WHICH KEEPS CONGRESS IN THE DARK "UNTIL THE DAMAGE HAS BEEN DONE," AS IN CUBA.

MRS. SMITH ASSERTED THAT MCCONE'S PREDECESSORS HAD EACH HAD "SOME PRIOR TRAINING OR EXPERIENCE" IN INTELLIGENCE OPERATIONS TO QUALIFY THEM FOR THE JOB. SHE ASKED WHAT QUALIFICATIONS MCCONE POSSESSED ALONG THOSE LINES.

"NONE," REPLIED MCCONE QUICKLY. TO FOLLOW-UP QUESTIONS HE SAID THE QUESTION OF HIS QUALIFICATIONS WAS DECIDED BY OTHERS ALTHOUGH HE GAVE IT SOME VERY SERIOUS THOUGHT AND DISCUSSED IT WITH HIS WIFE. HE ALSO TOLD MRS. SMITH THAT HE DID NOT BELIEVE ANY OF HIS HOLDINGS-- INCLUDING ABOUT \$1 MILLION WORTH OF STOCK IN STANDARD OIL OF CALIFORNIA--WOULD POSE ANY CONFLICT OF INTEREST QUESTIONS IN THE GATHERING, EVALUATING AND DISSEMINATION OF INTELLIGENCE DATA.

QUESTIONED BY SEN. FRANCIS CASE, R-S.D., MCCONE TESTIFIED ON NEWS REPORTS, DERIVED FROM CONGRESSIONAL HEARINGS ON WORLD WAR II SHIP-BUILDING OPERATIONS, THAT PURPORTED TO SHOW THAT THE INTERESTS WITH WHICH MCCONE WAS ASSOCIATED MADE ABOUT \$44 MILLION ON AN INVESTMENT OF ABOUT \$100,000.

MCCONE SAID SOME OF THE STATEMENTS CONTAINED IN THE NEWS STORIES DO APPEAR IN PRIOR HEARINGS BUT NOT IN HIS SWORN STATEMENT ON THE MATTER. HE SAID HIS GROUP ACTUALLY PUT UP SOME \$600,000 PLUS SUBSTANTIAL SUBORDINATED LOANS AND BANK CREDITS TOTALLING SOME FOUR MILLION. THE FOUR AND ONE-HALF YEAR PROFITS, HE SAID, WERE "IMPORTANT" BUT "CONSIDERABLY LESS" THAN REPORTED AND WERE, OF COURSE, SUBJECT TO "A 95 PER CENT INCOME TAX."

SEN. HENRY M. JACKSON, D-WASH., PRAISED MCCONE'S CANDID RELATIONS WITH THE CONGRESSIONAL ATOMIC ENERGY COMMITTEE AS AEC CHAIRMAN. SEN. STROM THURMOND, D-S.C., REVIEWING MCCONE'S ENTIRE CAREER IN BUSINESS AND GOVERNMENT, SAID HE COULDN'T SEE HOW A SENATOR COULD THINK OF VOTING AGAINST HIM.

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WASHINGTON CAPITAL NEWS SERVICE

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Experts Reversed on Nuclear Ship

See rpt of V. W. HUGHES, Editor, LA 6/18/58 furnished with House

By Drew Pearson

The biggest prize in the shipping world in the last four years has been the operation of the first atomic merchant vessel ever built, the Savannah. Every qualified shipping line in the United States has wanted to get it.

It ended up through a mysterious set of circumstances in the hands of States Marine, which operates a large number of foreign-flag ships manned by foreign crews, but which happens to be in partnership with John A. McCone, who, at the time the Savannah contract was let, was chairman of the Atomic Energy Commission.

McCone is now up for confirmation to be head of the all-important Central Intelligence Agency, and a long set of circumstances put him in the position of having favored close business associates, such as the Henry Kaiser interests, when he has been in Government.

The inside facts in the award of the SS Savannah to the States Marine Line, which has a working partnership with McCone's personally owned Joshua Hendy Line, are hitherto unpublished.

In the spring of 1958, as seven steamship lines applied



to operate the Savannah, Clarence Morse, then Maritime Administrator, appointed a special selection board of maritime experts to recommend the most qualified.

They recommended the American President Lines, with more than 30 years of American-flagship experience behind it, as the best qualified. The others, in order of their qualification, were: Isbrandtsen, Farrell, Moore-McCormack, Pacific Far East, States Marine, and U. S. Lines.

In other words, States Marine, the line with which John McCone has a working partnership, was next to last. Yet it ended up with the contract.

What happened was that Maritime Commissioner Morse, answerable directly to Secretary of Commerce Sinclair Weeks, overrode his own board of experts. Morse explained lamely that the board had put too much emphasis on passenger service.

So the board went back into session, eliminated passenger experience as a criterion, and, adding up all the remaining factors, still came up with American President Lines as the best qualified ship operator.

However, States Marine, no longer handicapped by its lack of passenger experience, rated second. Higher ups in the Commerce Department then gave the contract to States Marine, as if the board had never met.

When I asked Under Secre-

tary Louis Rothschild, now retired, why he reversed the board of experts, he replied: "There had been too much lobbying."

He did not elucidate.

But States Marine, chiefly operates foreign-flag ships, I pointed out. "The Savannah is to be the pride of the U. S. Merchant Marine. Did John McCone talk to you about this?"

"No," protested Rothschild emphatically. He added that one of States Marine's subsidiaries operated under the American flag.

"Besides," he said, "the House Merchant Marine Committee completely approved our decision."

Weeks Stepped In

Congressman Herbert Bonner, North Carolina Democrat, chairman of the House Merchant Marine Committee, told a different story. He had introduced the bill authorizing an atomic merchant vessel.

"We never approved their decision," said Rep. Bonner. "They came down here and told us what they were going to do, and that was that."

Morse had talked about putting the Savannah in the hands of different companies—the United States Lines in the Atlantic, the American Export Lines in the Mediterranean, Moore-McCormack in Latin America, and the American President Lines in the Pacific.

But Sinclair Weeks, the Secretary of Commerce, was

calling the shots. He came before our Committee and told us that States Marine was going to get the Savannah. There must have been a terrific lot of influence used to give this to States Marine.

Whatever influence may have been used probably took place before John McCone took office as Atomic Energy chairman. He was confirmed on July 9, 1958, and the Savannah contract was awarded on July 25.

A busy Senate paid little attention to all this. Only one Congressman, Bonner of North Carolina, rather than the SS Savannah, challenged McCone's apparent conflict of interest. In a speech on the House floor, Aug. 21, Bonner said:

"I have no concern with the arrangements made by Mr. McCone to meet the technical requirements of the law in regard to the difficult problem of avoiding conflicts of interest faced by so many able and successful businessmen when called to public service."

However, the facts concerning the intimate business relationships which have existed between Mr. McCone and Mr. Mercer (head of the States Marine Lines) raise certain obvious questions when we seek to find the answer to the apparently illogical assignment of the nuclear ship Savannah to States Marine Lines by the Department of Commerce and the Atomic Energy Commission.

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UPI-143

(MCCONE)

WASHINGTON--PRESIDENT KENNEDY'S NOMINATION OF JOHN A. MCCONE TO HEAD THE SUPER-SECRET CENTRAL INTELLIGENCE AGENCY APPEARED HEADED TODAY TOWARD SWIFT SENATE APPROVAL ALTHOUGH A FEW SCATTERED QUESTIONS WILL BE RAISED.

MCCONE, 60-YEAR-OLD CALIFORNIA SHIPBUILDING EXECUTIVE, WAS NAMED THE NATION'S TOP INTELLIGENCE DIRECTOR DURING THE RECENT CONGRESSIONAL RECESS. A REPUBLICAN HE SERVED THE EISENHOWER ADMINISTRATION AS CHAIRMAN OF THE ATOMIC ENERGY COMMISSION AND THE TRUMAN ADMINISTRATION AS UNDER-SECRETARY OF THE AIR FORCE.

THE SENATE ARMED SERVICES COMMITTEE HAS SCHEDULED A HEARING ON THE NOMINATION NEXT THURSDAY. CONTINUING CONTROVERSY OVER A CLOSER CONGRESSIONAL SCRUTINY OF CIA PROMISED TO CROP UP AT THE CONFIRMATION HEARING.

SEN. EUGENE J. MCCARTHY, D-MINN., PRINCIPAL SENATE SPONSOR OF RESOLUTIONS TO ESTABLISH A CONGRESSIONAL WATCHDOG COMMITTEE FOR CIA, SAID TODAY THAT HE HAS ARRANGED TO APPEAR AS A WITNESS. HE SAID HE HAS NOT DECIDED WHETHER TO OPPOSE MCCONE'S CONFIRMATION AND STILL AWAITING RESULTS OF THE HEARING.

MCCARTHY SAID HE PLANS TO URGE THE ARMED SERVICES COMMITTEE TO LOOK INTO MCCONE'S QUALIFICATIONS. HE EXPECTS TO RENEW HIS PROPOSAL FOR A JOINT SENATE-HOUSE WATCHDOG COMMITTEE.

THE SENATOR SAID HE WILL SPECIFICALLY ASK THE ARMED SERVICES COMMITTEE TO REVIEW MCCONE'S ACTION IN 1956, WHEN, AS A TRUSTEE OF THE CALIFORNIA INSTITUTE OF TECHNOLOGY, HE SHARPLY CRITICIZED A STATEMENT ISSUED BY A GROUP OF CAL TECH SCIENTISTS. THEY PROPOSED THAT THE UNITED STATES ANNOUNCE THAT IT WOULD NOT TEST NUCLEAR WEAPONS AS LONG AS OTHER NATIONS DESISTED.

MCCONE'S LETTER TO THE SCIENTISTS WAS CITED AS A POSSIBLE INFRINGEMENT ON FREE SPEECH IN 1958 HEARINGS ON HIS NOMINATION AS AEC CHAIRMAN. MCCONE EXPLAINED THEN THAT HE FELT THE SCIENTISTS WERE USING THEIR UNIVERSITY AS A PLATFORM FOR A POLITICAL ENDORSEMENT OF FORMER GOV. ADLAI E. STEVENSON'S PRESIDENTIAL CAMPAIGN.

HIS NOMINATION AS CHAIRMAN OF THE AEC WAS SPEEDILY APPROVED. IN THAT POST HE ENJOYED A HARMONIOUS RELATIONSHIP WITH THE SENATE-HOUSE COMMITTEE ON ATOMIC ENERGY. HE HAS THE CONFIDENCE AND SUPPORT OF SOME OF ITS MORE INFLUENTIAL MEMBERS.

NO OTHER WITNESSES HAVE ASKED TO APPEAR AT THE HEARING. HOWEVER, AT LEAST ONE MEMBER OF THE ARMED SERVICES COMMITTEE IS KNOWN TO BE REVIEWING MCCONE'S WORLD WAR II RELATIONSHIP WITH SHIPBUILDER HENRY J. KAISER AND HIS KOREAN WAR ACTION WHICH GAVE KAISER INTERESTS AN AIR FORCE PLANE CONTRACT WHICH HAD BEEN EARMARKED FOR FAIRCHILD.

DATA ON THESE TRANSACTIONS WERE AIRED PRIOR TO MCCONE'S APPOINTMENT TO THE ATOMIC ENERGY COMMISSION AND REVIEWED BEFORE HIS CONFIRMATION.

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Washington

Merry-Go-Round

By Drew Pearson

McCone's Gravy From Uncle Sam Escapes FBI Sleuths

WASHINGTON. — President Kennedy has picked some A-1 men for high office—some of the best in the past two decades. But either the FBI was asleep or the President had his mind on the Berlin crisis when he picked John A. McCone to head the giant Central Intelligence Agency which has a vital influence over American foreign policy.

Looking back over McCone's past he has a record for making money out of Uncle Sam unequalled by any other man now in government. The record is all spelled out in congressional hearings, and it would have been easy for the FBI to have read it. The FBI, however, asks questions. It doesn't read.

Cross-examined regarding his shipbuilding partnership with the Henry Kaiser interests at San Francisco during the war, McCone admitted to the House Merchant Marine Committee that the government had put up almost all the capital for their California Shipbuilding Company, of which McCone was president. It netted around a \$44,000,000 profit.

"What was the total cost to the government of building your yard?" asked committee counsel Marvin Coles.

"\$23,000,000," replied McCone.

"How much of the moneys of your corporation were invested in the physical yard?"

"A little, very little," replied McCone, president of the company.

"Were there any profits to subcontractors?"

"Oh, yes, there must have been."

A Wonderful Deal

"Did any of the executives receive management salaries that were reimbursable by the commission?"

"The executives . . . were reimbursed in a manner agreed to by the commission."

"And that was with government funds?" McCone was asked.

"That is correct."

"With material supplied by the government, with labor paid for by the government, with interest on borrowed capital paid for by the government, with management salaries paid for by the government, what were the fees and profits paid for?"

"For the building of ships," replied McCone, without batting an eye.

The House Merchant Marine Committee also developed the fact that the government had turned over to McCone, Kaiser et al, all of the government's materials, machinery, and other facilities located at the shipyard estimated as worth about \$14,000,000.

"The government put in \$23,000,000 to the building of this yard," Counsel Coles asked. "At the time of the completion of the contract was there any government-owned shipbuilding material in California Shipbuilding Company's yards?"

"There was," was McCone's laconic reply.

Coles asked if the value of \$14,000,000 was accurate.

"That might have been the original cost of it, but a large percentage of it was nothing."

"Did you pay any money for this shipyard and the surplus property in the yard when you acquired it from the government?" Coles asked.

"We relieved the Maritime Commission of all their obligations and responsibilities for the restoration of the site that was owned by the Los Angeles Harbor Board," was McCone's alibi.

More Gravy

"Did you receive in addition

to this yard that had cost \$23,000,000 and this material which may have cost \$14,000,000 an additional sum of \$2,500,000 in cash?" pressed Coles.

"No," replied McCone, "but we did receive a revision of our selective price contract under which the amount of recapture was reduced by \$2,500,000."

"So in effect you got an additional \$2,500,000, did you?"

"You might put it that way," finally admitted the president of the shipping company.

Rep. Alvin Weichel, Ohio Republican, also brought out the fact that McCone-Kaiser deducted from income taxes \$4,000,000 in nonreimbursable expenses, which McCone said was given away in salary bonuses, charities, group insurance premiums, and ship-launching expenses.

"Did you give away \$5,000 diamond necklaces?" asked Congressman Weichel.

"No, we gave \$60 cigarette boxes," replied McCone, adding that the top gift was \$800 to a ship sponsor.

"The government got out both ways with it," pursued Rep. Weichel. "Your company was reimbursed for all the expenditures, for wages, materials, administrative costs, and everything except the \$4,000,000. And this \$4,000,000 you deducted from income taxes, so the government paid it that way. They did not pay it to you direct, but you deducted it from your income tax."

"To the extent that it lessened our tax," McCone concurred.

"Four million is a tidy sum, even around here," commented Weichel.

Summarizing the facts, McCone's fellow Republican, Congressman Weichel, said: "The total number of ships you built was 467. The plant cost the government \$23,000,000. There was \$14,000,000 worth of property there when it was finished and you got \$2,500,000 credit. That is roughly \$41,000,000."

Adding in some other figures and making a quick calculation, Weichel concluded:

"Altogether your company got \$91,000,000 for building 467 ships. Roughly, without the deduction of taxes, it cost the government nearly \$200,000 in fees

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for each ship built by your com-
pany.

"The Todd (shipbuilding) people," Congressman Welch pointed out, "had roughly \$11,000,000 in fees and the plant cost about \$14,000,000. Theirs was about half the cost to the government. Yours was \$200,000 per ship."

That was how John A. McCone, now nominated to be head of CIA, got his big start up the business ladder to big government jobs and more profits in business.

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McCone Made Big WW II Profits

By Drew Pearson

With eight high officials fired from the Eisenhower Administration for conflicts of interest, it would seem mandatory that both Democrats and Republicans take a very close look at the conflict-of-interest issue before appointing and confirming new men.



John A. McCone, picked to replace Allen Dulles as head of the vitally important Central Intelligence Agency, has a record which is interesting on three counts:

1. He has made more money out of Uncle Sam on war contracts than perhaps any other man now working for the Government.
2. He has had a continuing close financial connection with the Henry J. Kaiser interests to which, as Under Secretary for Air, he gave a very interesting, quickie contract for making Flying Boxcars (C-119) in the record time of 10 days, at a price three times greater than that of Kaiser's competitor, Fairchild.
3. He is shrewd and able, which accounts not only for his capacity for making money but for his ability in keeping high Government positions under both Republicans and Democrats.

When McCone came up for firing, Sept. 25, 1946, shows the

confirmation as chairman of the Atomic Energy Commission on July 3, 1958, he let slip one interesting fact which puts him in a position of having a possible conflict of interest. Answering a question from Sen. Clinton Anderson (D-N.M.), he said:

"Yes, I have some business relationships with Kaiser, inasmuch as a jointly owned company, 25 per cent of which is owned by Hendy (Joshua Hendy Corp. of which McCone owns all the stock) and 50 per cent is owned by Kaiser Aluminum, has a long-range contract to transport Kaiser's bauxite from Jamaica to Baton Rouge."

Yet when McCone was being investigated by the late Sen. Styles Bridges (R-N.H.) and the Senate Armed Services' subcommittee regarding his quickie C-119 contract to Kaiser, he claimed: "I have had no business relationship with Kaiser for years. I have no benefit to gain from the affairs of this company. The statement therefore that I was a link in Henry Kaiser's 'chain of influence' should be corrected."

Nonetheless, Senator Bridges showed that McCone went to amazing lengths to switch part of a C-119 Flying Boxcar contract away from Fairchild in Hagerstown, Md., to Kaiser at Willow Run, Mich., at a cost figure which turned out to be \$1,339,140 per plane as against Fairchild's \$260,000.

A third congressional hear-

close financial kinship between McCone and Kaiser and why it was possible for Kaiser to barge in on McCone, have luncheon with him, and walk out with a multimillion-dollar contract as good as signed.

This third hearing probed the phenomenal war profits rolled up by both McCone and Kaiser when they were shipbuilding partners during the war, and when they parlayed an investment of \$100,000 into a profit of \$44,423,000.

McCone was then president of the California Shipbuilding Co., organized about one year before Pearl Harbor, when Todd Shipbuilding put up \$50,000, with another \$50,000 coming from the Betchel-McCone-Parsons Company, Henry Kaiser, and other companies associated with Kaiser and Betchel-McCone in building Boulder Dam.

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Phenomenal War Profits

This combine made a killing. Uncle Sam needed ships, was willing to pay any price for them, and the Todd-McCone-Kaiser combine went to town, though later Todd got out and left the West Coast field to Kaiser and McCone. According to the sworn statement of Ralph E. Casey of the General Accounting Office before the House Merchant Marine Committee in 1946:

"It would seem when profits from Government contracts paid from public funds soar to such astronomical heights in proportion to invested capital, someone should come forward with a satisfactory explanation."

He went on to testify: "The California Shipbuilding Corp. was incorporated Jan. 6, 1941, and the entire cash investment represented by 1000 shares of capital stock at a par value of \$100 consisted of \$50,000 invested by the Todd shipyards and \$50,000 invested by 10 companies affiliated with Henry J. Kaiser."

"About a year later, on Feb. 19, 1942, a meeting was called for the purpose of declaring dividends out of the surplus. The minutes of the meeting said:

"After a full discussion upon motion duly made . . . it was unanimously resolved that a dividend of \$1000 per share be, and the same hereby is declared."

This, concluded GAO executive Casey, was a profit of \$1,000,000 on the investment of \$100,000 within one year—all at the expense of Uncle Sam's shipbuilding business.

The profitable partnership between Kaiser and McCone continued until it rolled up a war profit of \$44,423,000 and, according to McCone's own testimony, the association is continuing in the form of a joint shipping line today. In between, McCone, as Under Secretary of the Air Force, helped swing one of the juiciest airplane contracts in history to Henry Kaiser.

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The Washington Merry-Go-Round

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"After a full discussion upon motion duly made, it was unanimously resolved that a dividend of \$1000 per share be, and the same hereby is, declared."

This, concluded GAO executive Casey, was a profit of \$1,000,000 on the investment of \$100,000 within one year—all at the expense of Uncle Sam's shipbuilding business.

The profitable partnership between Kaiser and McCone continued until it rolled up a war profit of \$44,423,000 and, according to McCone's own testimony, the association is continuing in the form of a joint shipping line today. In between, McCone, as Under Secretary of the Air Force, helped swing one of the juiciest airplane contracts in history to Henry Kaiser.

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WASHINGTON MERRY-GO-ROUND

Both Parties Urged to Keep Eye on the Conflict-of-Interest Issue

BY DREW PEARSON

With eight high officials fired from the Eisenhower administration for conflicts of interest, it would seem mandatory that both Democrats and Republicans take a very close look at the conflict-of-interest issue before appointing and confirming new men.

John A. McCone, picked to replace Allen Dulles as head of the vitally important Central Intelligence Agency, has a record which is interesting on three counts:

1—He has made more money out of Uncle Sam on war contracts than perhaps any other man now working for the government.

2—He has had a continuing close financial connection with the Henry J. Kaiser interests to which, as Under Secretary for Air, he gave a very interesting quickie contract for making Flying Boxcars (C-119s) in the record time of 10 days, at a price three times greater than that of Kaiser's competitor, Fairchild.

3—He is shrewd and able, which accounts not only for his capacity for making money but for his agility in keeping high government positions under both Republicans and Democrats.

When McCone came up for confirmation as chairman of the Atomic Energy Commission on July 3, 1958, he set off an interesting fact which puts him in a position of having had a possible conflict of interest. Answering a question

from Sen. Clinton Anderson (D-N.M.), he said:

"Yes, I have some business relationships with Kaiser, inasmuch as a jointly owned company, 25% of which is owned by Hendy (Joshua Hendy Corp. of which McCone owns all the stock) and 50% is owned by Kaiser



Aluminum, has a long-range contract to transport Kaiser's bauxite from Jamaica to Baton Rouge."

Yet when McCone was being investigated by the late Sen. Styles Bridges (R-N.H.) and the Senate Armed Services Subcommittee regarding his quickie C-119 contract to Kaiser, he claimed: "I have had no business relationship with Kaiser for years . . . I have no benefit to gain from the affairs of his companies. The statement therefore that I link in Henry Kaiser's chain of influence should be corrected."

Nonetheless, Sen. Bridges showed that Mc-

Cone went to amazing lengths to switch part of a C-119 Flying Boxcar contract away from Fairchild in Hagerstown, Md., to Kaiser at Willow Run, Mich., at a cost figure which turned out to be \$1,339,140 per plane as against Fairchild's \$260,000. It all began over a luncheon between Henry J. Kaiser and Under Secretary McCone after Kaiser's venture in the auto industry had been a flop.

★

Another congressional hearing on Sept. 25, 1946, shows the close financial kinship between McCone and Kaiser and why it was possible for Kaiser to barge in on McCone, have luncheon with him, and walk out with a multi-million-dollar contract as good as signed.

This hearing probed the phenomenal war profits rolled up by both McCone and Kaiser when they were shipbuilding partners during the war, and when they parlayed an investment of \$100,000 into a profit of \$44,423,000.

McCone was then president of the California Shipbuilding Co., organized about one year before Pearl Harbor when Todd Shipbuilding put up \$50,000, with another \$50,000 coming from the Bechtel-McCone-Parsons Co., Henry Kaiser, and other companies associated with Kaiser and Bechtel-McCone in building Hoover Dam.

This combine made a killing.

Los Angeles Times

Date 1/11/62

Los Angeles Division

Editor: NICK B. WILLIAMS

RE: JOHN A. MC CONE

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WASHINGTON MERRY-GO-ROUND

Senate Committee May Review 'Amazing Testimony' on McCone

BY DREW PEARSON

One of the first problems facing the Senate Armed Services Committee will be to review the record laid down by its late, much-loved senior Republican, Styles Bridges of New Hampshire, regarding President Kennedy's new chief of Central Intelligence.

The new CIA chief, John A. McCone, was appointed by Kennedy just a few days after Congress adjourned last September and it is now up to the Senate Armed Services Committee to confirm him.

If Sen. Bridges' colleagues turn to their own subcommittee hearings of June 2, 1953, and thereafter, they will find some amazing testimony by and about the new CIA chief.

Amazing as it is, the testimony is not quite complete, because later testimony by McCone before the Joint Atomic Energy Committee, July 2, 1953, shows that he must have been guilty of a conflict of interest when as undersecretary of the Air Force he awarded a Flying Boxcar contract to the Kaiser-Frazer Co. for three times the price the government was paying to the Fairchild Corp.

One Republican, Rep. Alvin O'Ronski, of Wisconsin, charged his fellow Republican, McCone, with being "merely on leave of absence from his position of president of the Bechtel-McCone Corp., becomes undersecretary of the Air Force and arranges a nice fat gift for Kaiser, and that is how Kaiser manages to continue to suck defense dollars while our boys in Korea die for lack of planes."

McCone denied the statement. However, he did not deny that the

Bechtel family owned 4200 shares of Kaiser-Frazer common stock. He also had a hard time putting a good light on the highly unusual chain of facts which Sen. Bridges placed before the Senate Armed Services subcommittee as to how Kaiser got the Flying Boxcar contract.

At that time, 1950, Henry J. Kaiser's attempt to rival other auto manufacturers with the Henry J small-sized car and other Kaiser-Frazer makes had been a flop. He had a heavy overhead, a factory at Willow Run, Mich., which was closing down, and a large supply of machinery on hand. He had to get off the hook.

Los Angeles Times

Date 1/10/62

Los Angeles Division

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RE: JOHN A. McCONE

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According to the testimony unearthed by Sen. Bridges, Kaiser's close associate with whom he had been engaged in West Coast shipbuilding, John A. McCone, got him off the hook. McCone produced a quickie contract to manufacture the C-119 or Flying Boxcar.

The contract was consummated in the record time of 10 days. The deal was even sewed up four days before Kaiser submitted its estimate as to what the Flying Boxcars would cost.

The cost per plane as built by Kaiser was to be \$688,365, as compared with \$260,000 per plane as built by Fairchild in Hagerstown, Md. The Air Force, under McCone, however, took part of the contract away from Fairchild, despite the higher cost. McCone, trying to explain this to Sen. Bridges, alibied that the Defense Department wanted to develop secondary suppliers. He had to admit, under cross-examination, however, that Secretary of Defense Marshall had issued the directive on "second suppliers" only after the

Kaiser contract had been negotiated.

In the end Kaiser charged the Air Force not \$688,365 as estimated, but \$1,339,140 per Boxcar. It even charged up to the Air Force \$78,000 for liquor, food and the cost of a dedication party for its first C-119 — though this was caught and disallowed by Air Force auditors.

The amazing, high-speed negotiations began on Dec. 5, 1950, when Kaiser, hard-pressed from his unsuccessful auto venture, applied to the Reconstruction Finance Corp. for a \$25 million loan. He was told he could get it if he had a government contract.

Later that same day, thanks to his old shipbuilding partnership, he had lunch with McCone, then under secretary of the Air Force in charge of procurement. Son Edgar Kaiser was also present, together with Lt. Gen. K. B. Wolfe, deputy chief of staff for materiel. At this luncheon, Senate hearings showed, the plan to build C-119s in the Kaiser Willow Run plant was discussed.

On Dec. 6, one day later, the Kaisers appeared at the Fairchild plant in Hagerstown and demanded engineering data on the C-119 which Fairchild had developed and was then producing. Under an Air Force contract Fairchild was required to give the data to a competitor.

Nine days later, Dec. 13, the decision was reached to award the Flying Boxcar contract to Kaiser. No facilities or cost studies had been made, and the Air Force had no idea what Kaiser was going to charge Uncle Sam for being bailed out at Willow Run.

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DORIS FLEESON

Watchdog Committee On the CIA

Opponents of McCone as Director Are Expected to Press for Action

Senators opposed to the confirmation of John A. McCone as director of the Central Intelligence Agency will press for a CIA watchdog committee, win, lose or draw. Sentiment for such a committee has long existed, Senate Majority Leader Mike Mansfield being among those sharing it.

Democrats generally swallowed hard when President Kennedy chose Mr. McCone, who would have been Richard Nixon's Secretary of Defense had last year's election gone the other way. But there is much, much more than political resentment in the effort to stop Mr. McCone, or at least to contain his influence at the White House.

CIA is the intelligence organization which succeeded the wartime outfit, OSS (Office of Strategic Services), whose nickname was "Oh, so social." That part of the CIA iceberg which is above water here and abroad amply suggests that it is a legitimate heir, so much so that one frustrated observer insists that "the first thing to do is get CIA off the Georgetown cocktail circuit."

A more basic criticism is that an outfit so constituted does not and cannot understand the hopes and resent-

ments of ordinary people which are convulsing so much of today's world. Such critics argue that CIA always falls back on purely military concepts, and they cite the Cuban fiasco to prove their point.

The McCone opposition does not believe he will want to give CIA a change of direction or temper, and they point to his record. It is conceded that he holds to his views honestly and openly, has great business ability and personal charm.

His record was exhaustively canvassed by the Joint Committee on Atomic Energy when President Eisenhower named him to succeed the ill-fated Lewis Strauss as Atomic Energy Commission chairman.

It showed that all McCone associations and attitudes were extremely conservative. A major exhibit was an angry letter Mr. McCone sent in 1956, as a Caltech trustee, to the Caltech faculty members for releasing a statement supporting Adlai Stevenson's proposal for a ban on H-bomb testing. He accused them of parroting Soviet propaganda in an effort to create fear that H-bomb fallout endangers life.

Five years later, an impor-

tant Senator deeply involved in the situation says of the letter:

"It was very bad. McCone did not have the facts. He said they were speaking for Caltech and they were not. He hated to concede that they had a right to speak as citizens. We warned him his attitude was wrong and would only get him into all kinds of trouble."

The joint committee majority concluded it could keep him off the political preserves and that AEC would benefit from his driving purpose and competence. Their relations were good during his tenure, partly because he scrupulously kept his congressional channels clear.

CIA is, in a sense, a rival State Department, operating in the shadows. Mr. McCone's sponsors favor the hard-boiled line. It is this aspect on which the opposition will dwell.

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 The Washington Daily News _____
 The Evening Star 17-23
 New York Herald Tribune _____
 New York Journal-American _____
 New York Mirror _____
 New York Daily News _____
 New York Post _____
 The New York Times _____
 The Worker _____
 The New Leader _____
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McCone Selection Criticized by Some

John A. McCone

By Chalmers M. Roberts
Staff Reporter

SOMETIME this week John A. McCone will return to Washington, ready to begin the process of taking control of the Central Intelligence Agency. His surprise appointment has caused murmurs and muttering, to put it mildly, in some sectors of the New Frontier.

One member of the Washington in-



Roberts

News Analysis

telligence community who deals with the CIA called the appointment "outrageous." A number of scientists-in-Government, likewise, were furious. There have been reports that some CIA employees were threatening to resign and a number of others are at least in a skeptical mood today.

But public, on-the-record, opposition so far has been minute. Sen. Eugene J. McCarthy (D-Minn.), commented the other day that "there is nothing particular to recom-

mend Mr. McCone as director of the CIA."

But Sen. Clinton P. Anderson (D-N.M.) called McCone "a very able, conscientious public servant," adding: "Though we did not always see eye to eye, he stuck to his commitments to me." Anderson was speaking of the years when McCone was President Eisenhower's Chairman of the Atomic Energy Commission and the Senator was Chairman of the Joint Congressional Atomic Committee.

Well informed persons insist that James R. Killian, who now heads the Massachusetts Institute of Technology, was so out of sort over the appointment that he threatened to resign as Chairman of President Kennedy's Foreign Intelligence Advisory Board. When asked, Killian said there is "absolutely nothing to it." He did say that the board was not asked to pass on the nomination. Other sources say that he and Clark Clifford, Washington attorney and a member of the group, did give their endorsement.

PRESIDENT Kennedy kept his choice so secret until almost the point of announcement that those he knew to

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Belmont _____
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DeLoach _____
Evans _____
Malone _____
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Sullivan _____
Tavel _____
Trotter _____
Tele Room _____
Ingram _____
Gandy _____

The Washington Post and Times Herald _____
The Washington Daily News _____
The Evening Star _____
New York Herald Tribune _____
New York Journal-American _____
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The Worker _____
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be opposed had no chance to mount a counter-offensive once they realized he was about to tap McCone. There was only time enough for a leak to the press half a day before the appointment.

Killian's successor as President Eisenhower's scientific adviser, George Kistiakowsky, also is reported to be unhappy, as is Mr. Kennedy's science adviser, Jerome Wiesner. Such feelings appear to reflect views of a number of scientists and others who have become involved in the nuclear test ban issue. They have never forgiven McCone for what he did during the 1956 presidential campaign.

After Adlai Stevenson had come out for a test ban, 10 scientists at the California Institute of Technology issued a statement of support. McCone, then a Cal Tech trustee, was outraged. He contended the scientists, among them Harrison Brown and Thomas Lauritsen, were approving a unilateral stoppage of tests by the United States.

He wrote a letter to Lauritsen saying the scientists' statement was "obviously designed to create fear in the minds of the uninformed that radioactive fallout from H-bomb tests endangers life. However, as you know, the National Academy of Sciences has issued a report this year completely discounting such danger." McCone also accused the scientists of being "taken in" by Soviet propaganda that a test ban would delay the day other nations would get the bomb.

This row brought recurrent rumors that McCone tried to get the 10 professors fired. He was out of the U. S. last week, on a CIA look-see, and could not be asked directly.

SEN. ANDERSON, who chaired the confirmed hearing for McCone's 1958 AEC appointment, then absolved McCone by saying at the hearing that "Mr. McCone took them pretty strongly to task and there were suggestions, which I understand he did not make, that they all be fired." McCone added that "there was no scientist fired from Cal Tech on advice or recommendation from me, sir."

McCone said that he felt the scientists had "used their position as professors of distinction at the California Institute of Technology not to express themselves on a particular technical matter, but to inject themselves into a political discussion." He said they had "an absolute right" to do that "but not using the university as a platform for so doing, in my opinion."

In reply to Anderson's questions, McCone said he felt that two other other scientists, equally vocal on McCone's side of the test ban issue—Edward Teller and the late Ernest O. Lawrence—had spoken as individuals. McCone did in the end agree that the 10 had signed the statement as individuals rather than as Cal Tech professors.

THE NUB of all this is that at least an important sector of the scientific community felt McCone was infringing on academic freedom and at least threatening to have the 10 at Cal Tech fired for their views.

Hence, it is argued by McCone's opponents, he is not a man with an open mind, with the kind of view toward free inquiry and free expression required to head the Nation's chief intelligence body.

The CIA, they say, must consider even the most seemingly scatter-brained idea and get to know even the most obscure personalities. It is outgoing CIA chief Allen Dulles himself, some recall, who likes to tell of his own goof: the time many years ago he went off to play tennis instead of accepting a suggestion that he have a cup of coffee with an obscure revolutionary at a cafe in Geneva, a fellow known as V. I. Lenin.

WHILE THOSE close to the President who favored the appointment are aware of these criticisms, one of Mr. Kennedy's intimate advisers had never heard of the Cal Tech affair until this reporter asked him about it.

This official and others close to President Kennedy privately acknowledge that the McCone appointment has not been greeted with cheers all along the line. But they point out that, as one put it, "there will be so many checks and balances" on his operation of the CIA that his opponents need not worry.

There will be a scientific board, through which McCone's critics will have access to the President, and there also is a newly strengthened, high-level interdepartmental committee to oversee CIA's major ventures.

The McCone backers consider him a man who "has a toughness" and who "can make up his own mind," though they say he is "apt to be stubborn." Among his enthusiastic endorsers, it is reported, is Robert A. Lovett, the former Defense and State Department official on whom the President from time to time calls for advice.

Another who played a role in the appointment was Sen. Anderson. He said he was consulted by the President in advance of the appointment and "I did everything I could to get him (McCone) to take it." Anderson's view of McCone is that "he is persuaded strongly that the Russians are not up to any good, that they are deceiving us. He believes they were cheating on the test ban though I don't. McCone is not a neutral; he is against the Russians."

THIS hard-line approach by McCone is no secret. Immediately on taking over the AEC chairmanship, he did his best to persuade Secretary of State John Foster Dulles not to agree to a test ban moratorium, but without success. He later fell in line publicly with the test ban treaty talks, but it was evident he never really had his heart in it.

Some of McCone's opponents, including some within the Washington intelligence community who obviously do not want to be identified, consider this attitude a fault in a CIA boss—Not that he is "against the Russians," but that he is so dogmatic about it that they think it could color his intelligence report to the President.

McCone himself no doubt would flatly deny any such thing.

About two and a half years ago, in an interview with an Associated Press reporter, McCone recalled that he had been Air Force Undersecretary in the Truman Administration. "In my Air Force days," he said, "I was devoted to the concept of massive retaliation—and I still am."

This was the doctrine so strongly fought by Gen. Maxwell Taylor, now President Kennedy's military adviser, who is among those who are unenthusiastic about the McCone appointment.

McCone will go to work, first alongside Dulles and then succeeding him in mid-November, under a recess appointment from the President. He will come up for Senate confirmation next January. But it is unlikely that the Armed Services Committee, which will conduct the hearing and some of whose members control the CIA's secret budget, will raise any real objections.

Despite this, the McCone appointment can properly be called the most controversial of any yet made by President Kennedy to post of major importance. No one doubts McCone's long record of accomplishment in both public service and private industry. But many Administration officials will be watching to see whether he is indeed the man to run the CIA.